

National Electric Power Regulatory Authority

NOTIFICATION



Islamabad, the 18th day of December, 2025

S.R.O. 2467 (I)/2025.- 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 November 18, 2025 in the matter of Joint Applications filed by Central Power Purchasing Agency Guarantee Limited (CPPA-G) for Adjustments of Tariff Components of Quaid-e-Azam Thermal Power Private Limited in Case No. NEPRA/TRF-347/QATPL-2016.

2. While effecting the Decision, the concerned entities including CPPA-G shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.


(Wasim Anwar Bhinder)
Registrar



DECISION OF THE AUTHORITY IN THE MATTER OF JOINT APPLICATIONS FILED BY CPPA-G FOR ADJUSTMENT OF TARIFF COMPONENTS OF QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED

1. INTRODUCTION

- 1.1. Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) signed Negotiated Settlement Agreement (NSA) dated June 11, 2025 with Quaid-e-Azam Thermal Power (Private) Limited (QATPL).

2. FILING OF APPLICATIONS

- 2.1. CPPA-G vide letter dated July 04, 2025 filed joint application for reduction in tariff components pursuant to Negotiated Settlement Agreement of QATPL.
- 2.2. The Authority admitted the application on August 11, 2025 and a notice of admission was published on August 29, 2025.

3. GROUNDS OF APPLICATIONS

- 3.1. CPPA-G and QATPL have agreed on following terms and conditions for reduction of tariff components:
- O&M indexation mechanism
 - Maximum limit of insurance premium
 - Foreign ROE and ROEDC components
 - Hybrid Take and Pay model for ROE

4. COMMENTS OF STAKEHOLDER

- 4.1. In response to the notice of admission, Mr. Rehan Jawed vide email dated August 30, 2025 submitted following comments:
- First of all, I want to appreciate that some important changes have been made in the agreements which are good for consumers. Capping O&M increases at 5%, fixing ROE at 13% with a locked exchange rate of 168, limiting forex pass-through, and introducing a Hybrid Take-and-Pay model are all positive steps. These measures will help in reducing unnecessary burden on electricity bills.
 - At the same time, there are a few more points that can bring greater benefit to consumers. Quaid-e-Azam Thermal (Bhikki) has been running at very low load factors, sometimes only 30–40%, while Uch-II runs much higher because it has cheaper gas. When Bhikki is not fully used, people end up paying higher capacity charges per unit. To fix this, I strongly suggest that Bhikki should be given a blended allocation of indigenous gas and RLNG, so that its fuel cost comes down to a more reasonable level. This will allow it to run more, reduce idle capacity, and ultimately lower the per-unit cost for consumers.





- I also think ROE can be reviewed further in light of the current economic situation. O&M costs should be properly audited so companies do not automatically take 5% increases without proof. Insurance costs should also be verified clearly, and efficiency tests like heat rate should be strictly monitored to ensure plants are working as promised.
- Overall, the steps taken are in the right direction and deserve appreciation, but further reforms like blending fuel for Quaid-e-Azam Thermal and stricter checks on costs can make the benefit for consumers much stronger.

5. HEARING

- 5.1. Public hearing in the matter was held on September 11, 2025 which was attended by the representatives of CPPA-G and QATPL.

6. CONSIDERATION OF THE VIEWS OF THE STAKEHOLDERS, ANALYSIS AND DECISION ON IMPORTANT ISSUES

- 6.1. The issue wise discussion, submissions of stakeholders, analysis and decision are provided in the succeeding paragraphs.

a) Indexation of O&M Components

- 6.2. The O&M components as determined by NEPRA (for the quarter ended December 31, 2024) shall continue as revised reference with the following indexation mechanism:

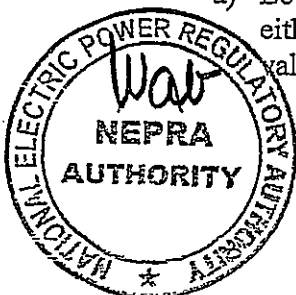
i. Local O&M

- 6.3. Fixed and Variable O&M – Local shall be indexed with lower of (a) five percent (5%) per annum or (b) the actual average National Consumer Price Index (NCPI) for the preceding twelve months.

ii. Foreign O&M

- 6.4. Fixed and Variable O&M – Foreign shall be indexed as per the existing mechanism provided that the PKR / USD depreciation shall be allowed only to the extent of 70% of actual depreciation per annum. In case the PKR appreciates against USD in a year, then 100% of such appreciation shall be passed on to the consumers.
- 6.5. For clarification, the indices used in the quarterly indexation determined by NEPRA for the period Oct – Dec 2024 shall prevail.
- 6.6. The submissions of the applicants have been reviewed. It is pertinent to mention that same mechanism was requested in previous joint applications filed by CPPA-G with power plants for reduction in tariff components wherein the Authority approved following indexation mechanism vide its decisions dated May 27, 2025 and July 30, 2025:

- a) Local O&M components (Variable and Fixed) shall be indexed on quarterly basis until either the cumulative increase reaches the maximum limit of 5% or average annual NCPI value, whichever shall be lower. The reference values for the entire year shall remain





fixed. The final indexed component and average NCPI for the preceding shall serve as the reference for the subsequent year.

- b) Foreign O&M components (Variable and Fixed) shall be indexed quarterly on the basis of 70% of the cumulative rupee devaluation against US dollar. In case rupee appreciates against US Dollar, 100% of the same shall be passed on to the consumers. The reference values for the entire year shall remain fixed. The final indexed component and exchange rate at the end of the year shall serve as the reference for the subsequent year.

6.7. Accordingly, the same has been approved in the instant case w.e.f. January 01, 2025.

b) Insurance

6.8. According to the applicants, insurance during operations shall be revised such that it should be paid in actual subject to a maximum limit to be capped at 0.8% of the sum insured, as per the provision of PPA.

6.9. The submission of the applicants has been reviewed. In case of QATPL, the Clause 2.2(a)(xii) of the NSA dated April 08, 2025 states that:

"From the Effective Date, the Parties agree that the Insurance Component of CPP shall be Pass-Through Item subject to a maximum limit to be capped at 0.8% of sum insured as per the provision of PPA. Provided however that the Company shall ensure the participation of Power Purchaser being an observer in the, entire procurement process of insurance. Further, NICL holds the first right of placement of operational phase insurance and shall inform the Company and Power Purchaser for its inability to place insurances within the allowed limits. In case NICL is unable to procure the insurance within the allowed cap of 0.8% of the sum insured, the Company shall proceed to place insurance under relevant laws independent of NICL."

6.10. The requested insurance limit is in line with the revised limit approved by the Authority vide its decisions dated July 30, 2025 for HBS and Balloki. Accordingly, the same is approved in the instant case subject to fulfillment of abovementioned provision of NSA.

c) Foreign ROE Component

6.11. According to the applicants, the foreign ROE component as determined by NEPRA for the Oct-Dec 2024 quarter shall be recomputed based on 13% rate of return at the fixed exchange rate of PKR 168 / USD. Thereafter, there shall be no exchange rate indexation.

6.12. The submission of the applicants has been reviewed. The requested return is in line with the return approved by the Authority vide its decisions dated July 30, 2025 for HBS, Balloki, Nandipur and Guddu 747. The comparison of existing and requested ROE components is provided hereunder:



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Fuel	Existing* (Rs. /kW/h)	Revised (Rs. /kW/h)	Difference (%)
RLNG	0.7725	0.5480	(29%)
HSD	0.8419	0.5972	(29%)

*Jan – March 2025 Quarter

- 6.13. Considering the above, the Authority has decided to revise ROE component on the basis of return of 13% and fixed exchange rate of Rs. 168/US\$ with no further indexation in future. The revised ROE component shall be effective from January 01, 2025.
- 6.14. The revised ROE components shall be subject to adjustment based on the final decision of the Authority in the proceedings pertaining to the motion for leave for review filed by QATPL on January 12, 2023 against COD Determination.

d) Hybrid Take and Pay Model

- 6.15. The Parties agree to implement a 'Hybrid Take-and-Pay Model'. The plants will be entitled to 35% of the revised ROE and ROEDC components of tariff as part of CPP which will be computed as per the existing terms of the PPA. In case the Dispatched and Delivered Net Electrical Output (NEO) exceeds 35% of the total contract capacity in terms of kWh, then IPPs will be entitled to receive ROE and ROEDC components of tariff which shall be calculated on the actual NEO exceeding 35% of the total contract capacity in terms of kWh and IPPs shall claim the differential CPP accordingly.
- 6.16. The submission of the applicants has been reviewed. The arrangement has been mutually agreed between CPPA-G and power plants and is in line with the mechanism adopted in case of similar power plants, therefore, the Authority has decided to approve the same.

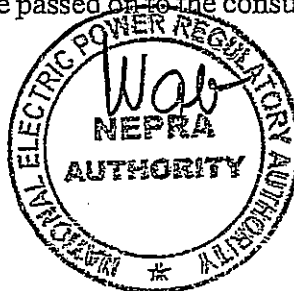
7. ORDER

- I. The Authority hereby modifies and approves its earlier decisions in the matter of Quaid-e-Azam thermal Power (Pvt) Limited to the extent of following:

Tariff Component	RLNG	HSD	Indexation
	Rs. /kW/h		
ROE	0.5480	0.5972	Nil

- II. The O&M indexation mechanism is also modified to the following extent:

- a) Local O&M components (Variable and Fixed) shall be indexed on quarterly basis until either the cumulative increase reaches the maximum limit of 5% or average annual NCPI value, whichever shall be lower. The reference values for the entire year shall remain fixed. The final indexed component and average NCPI for the preceding shall serve as the reference for the subsequent year.
- b) Foreign O&M components (Variable and Fixed) shall be indexed quarterly on the basis of 70% of the cumulative rupee devaluation against US dollar. In case rupee appreciates against US Dollar, 100% of the same shall be passed on to the consumers. The reference



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values for the entire year shall remain fixed. The final indexed component and exchange rate at the end of the year shall serve as the reference for the subsequent year.

- c) The indices used in the quarterly indexation determined by NEPRA for the period October – December 2024 shall prevail as reference for the first year's indexation.

- III. The insurance component shall be adjusted annually on the basis of actual cost subject to maximum insurance cap of 0.8% of the sum insured and subject to fulfillment of provisions of NSA.
- IV. The ROE components have been revised based on 13% rate of return at fixed exchange rate of Rs. 168/US\$. There shall be no exchange rate indexation on revised ROE components.
- V. Hybrid Take & Pay arrangement for payment of ROE component on the basis of Net Electrical Output exceeding 35% of the total contract capacity in terms of kWh. Up to 35%, the existing mechanism shall prevail.
- VI. The revised tariff components along with revised indexations shall be effective from January 01, 2025.

NOTIFICATION

The above Order of the Authority is intimated to the Federal Government for notification in the Official Gazette in terms of Section 31(7) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.

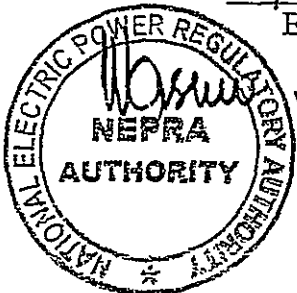
AUTHORITY

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member

Engr. Maqsood Anwar Khan
Member

Waseem Mukhtar
Chairman





REGISTRAR

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Islamic Republic of Pakistan

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No. NEPRA/TRF-100/Notifications/ 21195-97

December 18, 2025

The Manager
Printing Corporation of Pakistan Press (PCPP)
Khayaban-e-Suharwardi,
Islamabad

Subject: **NOTIFICATION REGARDING ORDERS OF THE AUTHORITY**

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 notifications in respect of the following Decisions of the Authority as detailed below for immediate publication in the official Gazette of Pakistan:

S. No.	Decision	Issuance No. and Date
1.	Decision of the Authority in the matter of Joint Applications filed by CPPA-G for Adjustments of Tariff Components of UCH-II Power (Private) Limited	19830-19834 18-11-2025
2.	Decision of the Authority in the matter of Joint Applications filed by CPPA-G for Adjustments of Tariff Components of Quaid-e-Azam Thermal Power Private Limited	19836-19840 18-11-2025

2. Please also furnish thirty five (35) copies of the Notifications to this Office after its publication.

Encl: 02 Notifications


(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