

Uch-II Power (Private) Limited

Motion for Leave for Review in
Respect of National Electric Power
Regulatory Authority's Decision
Dated April 22, 2015

Dated April 30, 2015

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Uch-II POWER (PRIVATE) LIMITED

Rule 16 (6) Motion for Leave for Review Petition

Petition under Rule 16 (6) of the National Electric Power Regulatory Authority (Tariff Standards and Procedures) Rules, 1998 for Motion for Leave for Review of the Authority's decision dated April 22, 2015 in respect of the Petitioner's Tariff Modification Petition dated April 16, 2014

Rules 3(2)(a) Name and Address of the Petitioner

Uch-II Power (Private) Limited

Registered and Business Address:

48, Khayaban-e-Iqbal
Main Margalla road, F-7/2, Islamabad
Telephone: (051) 265-4901-4
Facsimile: (051) 265-4905

Authorized Representative of the Petitioner

Name: Rodak Ali Iqbal
Designation: Chief Executive

Rules 3(2)(a) Generation License No. IGSPL/25/2010 dated April 27, 2010

Rules 3(2)(b) Grounds

The grounds forming the basis of the Motion for Leave for Review Petition are set out in Schedule I.

Rules 3(2)(c) Relief Sought

Relief sought is mentioned in Schedule II of this Review Petition.

Rules (3)(2)(d) Comparative Schedule of Existing and Proposed Cost

Comparative schedule of existing cost and proposed cost is attached in Schedule III of this Petition.

Rules (3)(2)(e) Comparative Schedule of Existing and Proposed Tariff

Comparative schedule of existing tariff and proposed tariff is attached in Schedule IV of this Petition.

Rules 3(2)(f) Summary of Evidence

Supporting documents are attached herewith in Schedule V of this Petition.

Rodak Ali Iqbal

GROUNDS FOR REVIEW

1 INTRODUCTION

This Motion for Leave for Review is being submitted by Uch-II Power (Private) Limited (hereinafter referred to as the "Petitioner" or the "Company") to the National Electric Power Regulatory Authority (the "Authority" or "NEPRA") under Rule 16(6) of the National Electric Power Regulatory Authority (Tariff Standards and Procedures) Rules, 1998 (the "1998 Rules"), in respect of the Authority's decision dated April 22, 2015 (the "Decision") pertaining to the Petitioner's Tariff Modification Petition ("Tariff Modification Petition") dated April 16, 2014.

The Company's tariff was determined by the Authority through its decisions dated April 24, 2009, June 26, 2009, October 16, 2009 and April 22, 2015.

The Company requests the Authority to review certain components of its Decision in light of the following facts and circumstances.

2 EPC COST

FME Related Cost

The Petitioner had requested the Authority to allow FME related cost of Rs 40,185,770 (equivalent to US\$ 499,512) in the Tariff Modification Petition.

Authority decision in respect of FME claim is reproduced as follows:

"7.12 Although force majeure on account of this rainfall has been claimed by EPC contractor and Uch-II but no comments/indication was given by PPIB and NTDC to allow the same to the petitioner or otherwise. The Authority considers that the relevant agencies which can determine the validity of this claimed cost are PPIB and NTDC. Therefore the Authority has decided that this cost shall be considered once the same is recommended by NTDC and PPIB, subject to provision of all the verifiable documentary evidences related to this cost and its exchange rate at the time of COD."

The Company requests the Authority to consider the following factors in respect of the FME cost:

- This cost is related to the one in a hundred year rain experience at site.
- The rain caused damage to the roads, bridges and infrastructure leading to the site.
- Delivery of the critical equipment (Gas Turbines, Generators etc) to site was delayed.
- PPIB and NTDC recognized the impact to the project related to the delayed deliveries of critical equipment.
- The National Highway Authority (and other government entities) were overwhelmed resulting in delays fixing the roads and bridges.
- The Company in an effort to mitigate the impact on the project under took the repair work of the roads / bridges and making them useable for delivery of equipment at site.
- We request the Authority to kindly give due consideration to our cost claim that was necessitated to prevent long delays in the completion of the project as PPIB and NTDC are not the relevant authorities to give cost relief to the Company.

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It is reiterated that both the NTDC and PPIB were timely informed about the Force Majeure Event of September 2012 due to record heavy rain-fall in the area (1 in 100 year event) due to which all site activities were suspended and site was evacuated in response to declaration of Emergency in District Nasirabad. Key Project equipment including Gas Turbine and Generators were held up in Shikarpur City whereas other shipments were put on hold at Karachi Port and Port Qasim due to unavailability of transportation route to the Project Site.

We would like to draw the attention of the Authority to the letters dated GM/(CPPA)/DGMF/448 dated January 14, 2015 and 7(708)PPIB-1057/15/FIN from the National Transmission and Dispatch Company Limited ("NTDC") and Private Power and Infrastructure Board ("PPIB"), respectively.

It is evident from the above letters that both NTDC and PPIB have not only accepted the OGDCL FME claim (details already provided in Tariff Modification Petition) and EPC FME claim but have also granted extension of time of additional 62 days for the completion of the project. Effectively, these letters reflect the acceptance by the NTDC and PPIB with the extension of time in relation to this Force Majeure Event. Therefore, a separate determination of the Petitioner's EPC FME and OGDCL FME claims by NTDC and PPIB is not required. Notwithstanding the above, it is humbly submitted that the NTDC and PPIB do not have the authority to comment on or approve the validity of the Petitioner's costs associated with the extension of time due to the Force Majeure Event. The power to assess and approve the Petitioner's claim rests exclusively with NEPRA and in light of the above submissions, we request the Authority to grant the Petitioner's related costs as part of the project costs.

All the supporting documents were already provided with Tariff Modification Petition. However, we are always available to support the Authority in verification of supporting documents and are pleased to provide any further documents / supporting as required by the Authority.

Please refer to Annexure A for PPIB and NTDC responses.

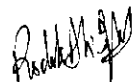
Furniture and Fixture

Uch-II requested the Authority to allow furniture and fixture cost of Rs 12,682,047 (equivalent to US\$ 157,639) as part of EPC cost in the Tariff Modification Petition.

Authority decision in respect of furniture and fixture claim is reproduced as follows:

"7.14 The Authority considered the submission of the petitioner in the light of the evidences and precedent cases. The Authority concluded that the EPC contract is a turnkey contract and cost of furniture and fixture is part and parcel of EPC cost. It is therefore the duty of the petitioner to negotiate the EPC contract as a prudent investor is supposed to negotiate. Further so far the Authority has not allowed furniture cost as a separate component of EPC cost to any other IPP. In view thereof the Authority has decided not to allow furniture cost as EPC cost as claimed by the petitioner."

- Furniture and fixture for plant control room, warehouse and offices is an integral part of any operating power plant.
- We understand that the Authority has approved similar cost for other projects as part of the EPC cost.
- This expense was not included in the EPC cost for the project.
- The Company has provided proof of the cost related to furniture and fixture.
- Authority has approved EPC cost US\$ 370.253 million vs. actual EPC cost US\$ 368.423 million.



- We request the Authority to kindly give due consideration to our cost claim that was necessitated due to the related cost not being included as part of EPC cost

The Petitioner in its original Tariff Petition had not factored the cost of furniture and fixtures for the control room, the warehouse, and the plant office. The Authority may kindly appreciate that these items are indispensable for the operation of the plant. We humbly request the Authority to reconsider our request on merit and in light of the documentary evidence submitted by us, as the circumstances distinguish it from the determinations made by the Authority in respect of other IPPs.

3 NON EPC COST

3.1 Start-up and production cost

Gas: The Authority in its decision dated April 24, 2009 has allowed Gas fuel as per actual consumption. Till COD, Uch-II has consumed 1,957,701 MMBTUs (gross). The actual Gas bills till COD will be presented subsequently for approval of the Authority.

Authority revised decision in respect of Gas start-up & production claim is reproduced as follows:

“8.1.2 As this cost is to be adjusted at the time of COD, and UCH-II has not submitted the gas bills for verification. Therefore the Authority has decided to allow this cost, subject to verification, to be restricted to the gas consumption up to revised R-COD that is January 08, 2014 with COD adjustments.”

- This cost is related to the gas consumption during commissioning and testing of the power plant.
- No project can reach completion without testing and commissioning.
- Due to delays the project reached completion on April 4, 2014.
- Most of the gas requested for testing and commissioning was consumed between January 8, 2014 and April 4, 2014.
- We request the Authority to please give due consideration to the fact that gas cost is a part of the Authority allowed costs for all projects and the Company should be allowed the same and not penalized for the difference in timing.

As the actual COD was achieved on April 4, 2014 instead of January 8, 2014 (RCOD) due to FM Events claimed by EPC, Plant commissioning tests were delayed and had to be carried out in March 2014 (subsequent to RCOD). Therefore, Gas could not be consumed before March 2014, in most of the Gas was consumed after RCOD i.e. January 8, 2014.

It is therefore requested that cost of Gas consumption, for the testing and commissioning of Plant, may please be allowed up to actual COD (April 4, 2014) rather than RCOD (January 8, 2014). As requested, the relevant gas bills are attached herewith as Annexure B, for your review.

3.2 S&T Insurance under the PPA

The Petitioner requested the Authority to allow S&T insurance cost of US\$ 886,091.

Authority revised decision in respect of S&T insurance claim is reproduced as follows:

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“8.3.4 The Authority considered the request of the petitioner in the light of PPA requirements, NTDC comments and other documentary evidences. The Authority considers that Uch-I is already operating in the same area therefore through better negotiations the insurance coverage was manageable under the upper limit of the EPC cost. In view thereof the Authority has decided to allow the insurance cost up to 1.35% of the EPC cost. The same shall be subject to adjustment based on the verifiable documentary evidence at the time of COD.”

- The Power Purchase Agreement entered into between the Petitioner and NTDC (PPA) and finance documents imposed an obligation on the Petitioner to obtain S&T insurance. It is important to note that this was a unique requirement under the Petitioner's PPA (Schedule 8 of Uch-II PPA is attached as Annexure C).
- This insurance was triggered due to geographical location of the project site.
- Obtaining S&T insurance was a challenge due to lack of interest in the international insurance market.
- Project site is located in Baluchistan which has experienced excessive militant activity in the recent past. For instance, in 2011 the project site was the target of rocket attacks.
- Premium paid for other insurances were well within 1.35% of the EPC cost and additional amount requested is due to S&T insurance.
- The Petitioner humbly requests that the limit of 1.35% be changed to 1.49% and may not be applied to the Petitioner in light of the unique security threats faced by the Petitioner.

The Petitioner is located at a site where security has always been an extreme challenge and the situation was further intensified due to terrorist attacks in early 2011 when the site was directly targeted through rockets. A graphical overview of the site identifying the acts of terrorism and sabotage during the last 4-5 years is enclosed as Annexure D. With a view to address this additional risk which aggravated in 2011, the Petitioner's PPA as well as finance documents specifically required procurement of S&T Insurance policy during the construction phase. To the best of our knowledge, the requirement to procure S&T insurance during construction phase is generally not required under standard PPA's. In the Tariff Modification Petition, the Petitioner requested NEPRA to allow S&T insurance premium paid for S&T policy during construction phase in addition to standard insurance requirements specified under standard and other executed PPAs.

Furthermore, we would like to clarify that there is no nexus between Uch-I and the Petitioner's S&T insurance arrangements. In addition, the insurers discourage same site exposure which makes it more difficult to procure S&T coverage for same location from the insurance market and also increases the premium cost.

We therefore request the Authority to separately allow additional S&T insurance cost of US\$ 560,499.

3.3 Residential Colony

The Petitioner requested the Authority to allow Rs 174.403 million (equivalent to US\$ 2.1678) under residential colony cost.

“8.4.3 The Authority considered the submissions of the petitioner in the light of previous determinations. The Authority noted that based on the submissions of the Petitioner in the previous determination the cost of residential colony in the project cost was allowed considering the Bill of Quantities (BoQs) submitted by the petitioner. Similarly construction cost of Rs. 3,500 per sq.ft. for villas, mosque and mess and 3,000 per sq.ft. for apartments, barracks, club house and mess were also allowed. This cost also includes cost of 2 km long road, foot path on sides of road, walkways for pedestrians, soft landscaping, typical boundary wall as in Uch-I and interfacing & furnishing cost. The

Rudolf H. S. S.

Petitioner during the proceedings was unable to justify the claim on the basis provided in the determination were not sufficient for its requirement. Similarly the Petitioner was unable to point out that this cost was not sufficient while allowing at the time of the previous determination. In view thereof the Authority finds no justification to review its earlier determination in the instant matter."

- The project site is located in a remote area isolated and considerably away from any major town.
- Without providing reasonable living conditions it is extremely difficult to attract and retain qualified and trained O&M staff.
- Security situation around the site and in Baluchistan province impact the cost of doing business in the area.
- The project had to pay a premium to hire the services of an experienced contractor required for the construction of the residential colony.
- The Whole Sale Price Index increased 38% from 2009 (year of last determination) to 2011 (year of contract execution).
- The Petitioner is requesting the Authority to kindly give due consideration to our location and security conditions associated with our project site that resulted in the increase of cost.

Following up on the request to approve the additional cost of Rs174.403 million, we respectfully ask the Authority to kindly reconsider its decision as the factors which led to the increase in the cost over and above the allowed limit were:

- a) unanticipated;
- b) unique to the location/security of Uch site; and
- c) beyond the control of the company.

In this regard, we would like to submit as follows:

The Authority would recognize that Baluchistan province particularly the natural gas rich zone surrounding Uch site has been experiencing a continuous deterioration in its security environment from the year 2006. Consequentially, the risk of operating in that area has increased manifold along with the cost of doing business. However for the Petitioner, the security paradigm altered entirely in 2011, when for the first time it was directly targeted with several rockets – in January and then in June - by miscreants, who were previously targeting government infrastructure and security forces. Fortunately, in both the incidents no significant damage or loss of life occurred. This new security threat compelled the Company to undertake several security measures which, inter alia, included deployment of Frontier Corp comprising of 220 security personnel within 6-12 km to secure the project site in addition to all offsite travel in bullet proof vehicles accompanied by security escorts. As a natural consequence, the attacks had a direct negative bearing on the price being negotiated with the contractor, who had already communicated this increasing concern regarding the deteriorating security situation in the surroundings of the project site. Furthermore, owing to limited viable alternative due to lack of interest of other reputable contractors to work in that area, yet the Company managed to persuade the contractor (IKAN) by including an additional security cost premium in the aggregate contract price. Please refer to selected pictures of: 1) rocket firing of project site in 2011; targeting of Uch-II contractor vehicle in which the cleaner lost his life and his helper got seriously injured; deployment plan of additional security for the protection of project site from rocket attacks and introduction of bullet-proof vehicles with extra security escort for company's staff to mitigate offsite travel risk due to firing, IED targeting, roadside bomb blast etc.

In addition to above, you would also appreciate that the market witnessed a thirty eight (38) percent increase in the Wholesale Price Index from 2009 (year of last determination) to 2011 (year of contract execution) - as indicated by the Federal Bureau Statistics of Pakistan, thereby increasing the cost of construction

Rudh M. B. C.

substantially. Another factor unique to the project, which mandated significant additional expense, related to soil treatment, for ensuring the safety of buildings. This required construction of a one-meter deep isolated square/strip footing foundation. This further increased the cost of construction. Lastly, it would not be out of place to provide a self-explanatory comparison for reference purposes that the Petitioner recently awarded a construction contract for similar type of residential building at the project site at a cost of Rs6,100 per square feet after conducting a competitive tendering exercise. You would appreciate yourself the cost differential which exists between a remote and seriously security challenged location in Baluchistan – such as the project site, and in other stable or urban setting in other provinces or parts of the country.

In view of the above elaboration, we request the Authority to approve additional costs of Rs174.403 million over and above the already allowed limit. It is important to note that the NEPRA determination was finalized in 2009 whereas the actual construction contract was executed in 2011 – as a result - several new and unanticipated factors contributed to the increased cost.

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Schedule II

Relief Sought

In view of the facts and evidence provided herein, the Petitioner requests the Authority to approve the Comparative Schedule of Existing and Proposed Tariff (Schedule IV) and, in particular, grant following relief:

1. For the reason set out in section 2 of Schedule I, allow the additional EPC Costs.
2. For the reason set out in section 3.1 of Schedule I, allow Gas in start-up & production cost head till actual Commercial Operation Date.
3. For the reason set out in section 3.2 of Schedule I, allow Sabotage & Terrorism insurance cost procured due to additional PPA requirement.
4. For the reason set out in section 3.3 of Schedule I, allow additional costs incurred under the head of residential colony.

Rudesh Kumar

Schedule III

Comparative Schedule of Existing and Proposed Cost

All figures in US\$ ('000)

Description	Existing Cost	Relief	Proposed Cost
EPC- Cost	370,710	657	371,367
Non-EPC Cost			
O&M Mobilization	4,000	-	4,000
Start-up & production (see NOTE 1)	2,830	-	2,830
Mobile equipment purchase	250	-	250
Insurance during construction	7,428	-	7,428
Land lease and office rents	1,000	-	1,000
Owner's Engineer	5,854	-	5,854
General & Administration	1,327	-	1,327
IT and special equipment	1,243	-	1,243
Long Term Service Agreement spares	4,945	-	4,945
Non-LTSA spares (see NOTE 2)	-	-	-
WAPDA Standby L/C	499	-	499
Additional costs incurred under the Project Agreements	217	-	217
Workers profit participation fund	131	-	131
Project Development	8,474	-	8,474
Residential Colony	5,080	2,168	7,248
Total of Non-EPC cost	43,278	2,168	45,446
Custom duties & taxes	18,600	-	18,600
Financing fees and charges	22,055	-	22,055
Interest during construction	40,091	-	40,091
Total Project Cost	494,734	2,825	497,559

Note 1: Relief amount does not include: (a) impact of new tariff applicable on Electricity import; and (b) difference between HSD actual purchase price of Rs99.565 vs. Rs57.14 per liter assumed for 3 million liters - (c) gas cost, these costs shall be claimed as part of Tariff true up petition.

Note 2: The Authority allowed it subject to provision of documentary evidence at the time of COD and which shall be presented by the Company as part of tariff true up petition

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Schedule IV

Comparative Schedule of Existing and Proposed Tariff

Description	PKR/kW/Hour					
	Existing Tariff			Proposed Tariff		
	Year 1 - 10	Year 11 - 14	Year 15 - 25	Year 1 - 10	Year 11 - 14	Year 15 - 25
Capacity Charge						
O&M Foreign (Note)	0.1285	0.1285	0.1285	0.1285	0.1285	0.1285
O&M Local (Note)	0.0621	0.0621	0.0621	0.0621	0.0621	0.0621
Insurance	0.0852	0.0852	0.0852	0.0852	0.0852	0.0852
Debt Service	1.3210	0.1191	-	1.3286	0.1198	-
Return on equity	0.4541	0.4541	0.4541	0.4567	0.4567	0.4567
ROE during construction	0.0931	0.0931	0.0931	0.0936	0.0936	0.0936
Total Capacity charge	2.1440	0.9421	0.8230	2.1547	0.9459	0.8261
Energy charge						
Fuel cost component	3.0900	3.0900	3.0900	3.0900	3.0900	3.0900
Variable O&M- Foreign	0.1173	0.1173	0.1173	0.1173	0.1173	0.1173
- Local	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221

Note: In the "Reference Specified Tariff" table on page 20 of the decision dated April 22, 2015, the tariff of fixed O&M Foreign and Local components is erroneously stated as 0.1173 and 0.0221, respectively, instead of correct tariff of 0.1285 and 0.0621, respectively, which is mentioned on Annexure I of the decision. We have taken the correct figures in the "Existing Tariff" columns in the above table. Through letter number Uch-II/NEPRA/TMP/08/14 dated April 24, 2015 we have already requested Authority to rectify the Tariff table.

Rodrik Singh

Schedule V

Summary of Evidence

For purposes of this Review Petition, the Company has relied on the following documents:

List of Annexure:

- i. Annexure A – Response from NTDC and PPIB on Uch-II Tariff Modification Petition
- ii. Annexure B – ODGCL bills at reference price till actual COD for gas consumption
- iii. Annexure C – Schedule 8 of Uch-II PPA
- iv. Annexure D – Graphical overview of the site identifying the acts of Terrorism and Sabotage during the last 4-5 years

Pradeep K. S. 8/11



Annexure A
1/3

NATIONAL TRANSMISSION AND DESPATCH COMPANY LTD
Phone PBX: 9202211/2229
Direct: 9203515

Office of the
GENERAL MANAGER
Central Power Purchase Agency
229-WAPDA House, Lahore

14th January 2015

No. GM(CPPA)/DGMF/448
Deputy Registrar,
National Electric Power Regulatory Authority,
NEPRA Building, G-5/1, Ataturk Avenue,
Islamabad.

Subject: Tariff modification petition filed by the UCH II Power.

Reference to your office letter No.NEPRA/R/SAT-1/TRF-266/16651 dated 24th December 2014.
NTDC comments are as follow.

1. Extension of Required Commercial Operations Date.

The Power Purchase Agreement (PPA) was signed between NTDC and the Company on 19th January 2011 and the Company achieved its Financial Close on 07th May 2011. The Required Commercial Operations Date (RCOD) has been defined in the PPA as the date that is thirty (30) months following the date on which Financial Closing occurs. Accordingly the RCOD of the Project is 08th November 2013.

On May 19th 2011, the Gas Supplier ("OGDCL") declared a Force Majeure Event ("FME") due to a restraining order passed by the Islamabad High Court barring OGDCL to engage EPC Contractor and commence its construction activities. Furthermore, due to unusual rains and floods in 2012, the roads leading to the Uch-II site were washed away and the Company's EPC Contractor claimed Force Majeure of days for the delay thus caused.

The aforesaid events were claimed by the Company as Force Majeure Events under the PPA. Review of the relevant provisions of Article XV (Force Majeure), shows that there are three sub types of Force Majeure Events i.e Pakistan Political Force Majeure Event, Change in Law Force Majeure Event and Other Force Majeure Event. Floods etc caused delay in the performance of the Contractor which is not excusable event under the PPA unless it is caused by Force Majeure Event experienced by the Company or by one of its Contractors (section 15.1(d)(ii) read with section 15.1 (c)(i). Similarly, pursuant to section 15.1 (c) (vii) of the PPA, an Other Force Majeure Event under section 12.1 (e) of the GSA qualifies as the Other Force Majeure Event under the PPA. Furthermore the referred section 12.1 (e) under the GSA enumerates that any order or judgment by a court of competent jurisdiction preventing (i) the Seller from entering into the Seller EPC Contract or (ii) preventing the performance by the Seller under the executed Seller EPCC Contract.

Incoming

Sent To:	SSH, FA		
Date Received	22-01-15		
Mail Reg. No.	34 SK		
File No./Divider Name			
Doc. to be Archived	Yes	No	
Fax	Doc.	Sealed	
Returned to			
Received from			

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In light of aforesaid provisions, the Company claimed Other Force Majeure Event of 80 days. However, the Company has been persuaded to squeeze the Force Majeure period to the bare minimum. As a result, in a Meeting held between PPIB, OGDCL, WPP/NTDCL and Uch-II Power on 25th March 2013 it was decided that an extension in RCOD of 62 days only would be allowed, subject to approvals of the relevant authorities.

The subject case was presented to the Board of Directors of the NTDC in August 2013 and the revised RCOD was extended by 62 days.

2. Payment of the Workers Profit Participation Fund by the Company.

During the construction phase company paid Rs. 10,517,949/- to the Government as Workers Profit Participation Fund and claimed from the NTDC as pass through item under the PPA. The said claim was legitimate claim of the Company however this claim relates to the Pre Commercial Operations Period therefore this return the claim to Company that such claim may be settled at the time of true up of the tariff on COD.

3. Pre COD Insurance and the Payment to the Independent Engineer.

Company claimed certain cost on account of terrorism insurance during the pre COD over and above the already allowed for insurance in our opinion the insurance allowed in original determination is sufficient to meet with insurance requirement. Similarly the Independent engineer requirement is well known to the industry and not including its cost at the time of original petition is not understandable by this office.

4. Consumption of fuels before COD.

Under relevant provisions of the Power Purchase Agreement the Power Purchaser is responsible for the payment of the Fuel Cost Component during testing. NTDC has already honored such claims of the Company however as per PPA only the primary fuel (gas) is allowed for payment.



Rihan Akhtar,
Deputy General Manager Finance





GOVERNMENT OF PAKISTAN
MINISTRY OF WATER & POWER
PRIVATE POWER & INFRASTRUCTURE BOARD

No. 7(708)PPIB-1057/15/FIN
25 February 2015

Syed Safer Hussain
Registrar,
NEPRA
Islamabad

Subject: Uch-II Power (Private) Limited's Tariff Modification Petition filed with National Electric Power Regulatory Authority

This is with reference to Uch-II Power (Private) Limited letter dated 20th February 2015 on the subject wherein they have requested PPPIB to convey endorsement to NEPRA regarding extension in RCOD for Uch-II Power Project on account of Force Majeure Event (FME) for the finalization of decision on their tariff modification's petition by the Authority.

2. Kindly be apprised that OGDCL declared FME under the GSA on 16th May 2011 due to Stay Order of Islamabad High Court which was lifted on 26th August 2011. Accordingly, OGDCL claimed 100 days extension in the gas delivery date. Further the Uch-II claimed 80 days FME under PPA and IA due to heavy rains / floods in the Balochistan in September - October 2012 which inundated the main roads and approaches to Project Site.

3. Finally in a meeting held at PPPIB office on 25th March 2013, all the parties including NTDC, OGDCL, Uch-II and PPPIB agreed to extension of 62 days in RCOD against aforementioned two FMEs. Subsequently NTDC conveyed its approval in writing against the extension in RCOD till 8th January 2014 under the PPA after approval by its Board.

Incoming

Sent To:	SSH		
Date Received	29-3-15		
Mail Reg. No.	1771 AG		
File No./Divider Name			
Doc. to be Archived	Yes	No	
Fax	Doc.	Sealed	
Returned to			
Received from			

(Shah Jahan Mirza)
Managing Director

1/9

S. No	Billing month	Type	Qty in MMBTU	Rate in USD	Amount in USD	Conversion rate	Cost excluding FED & GST	FED (Rs 10/MMBTU)	Amount of FED	Rate of Sales Tax	Amount of Sales tax	Cost including FED & GST	First Adjustment by OGDCL (Credit Note)				Second Adjustment by OGDCL (Debit Note)			
													Rate in USD Adjustment	Conversion rate Adjustment	Revised Amount in USD	Revised Cost including FED & GST	Rate in USD Adjustment	Conversion rate Adjustment	Revised Amount in USD	Revised Cost including FED & GST
1	Dec-13	Invoice	4,312	\$5.9679	\$25,733.58	102.52	2,638,207	10	43,120	17%	455,826	3,137,153	(0.9577)	(22.07)	\$21,604	2,083,957	-	22.07	\$21,604	2,641,816
2	Feb-14	Invoice	449,006	\$5.9679	\$2,679,625	106.69	285,889,191	10	4,490,064	17%	49,364,473	339,743,728	(0.9577)	(26.24)	\$2,249,612	217,001,449	-	26.24	\$2,249,612	286,066,367
3	Mar-14	Invoice	1,308,855	\$5.9679	\$7,811,116	106.69	833,367,966	10	13,088,550	17%	143,897,608	990,354,124	(0.9577)	(26.24)	\$6,557,625	632,559,923	-	26.24	\$6,557,625	833,884,226
4	April-3/2014	Invoice	195,528	\$5.0102	\$979,634	80.45	78,811,555	10	1,955,280	17%	13,730,362	94,497,197	-	-	\$979,634	94,497,197	-	26.20	\$979,634	124,526,898
Total			1,957,701		11,496,109		1,200,706,918		19,577,014		207,448,268	1,427,732,201			9,808,475	946,142,526			9,808,475	1,247,119,307



OIL & GAS DEVELOPMENT COMPANY LIMITED
F-6 JINNAH AVENUE BLUE AREA
ISLAMABAD

Ph :0092-51-2623221 Fax: 0092-51-9209631

INVOICE OF UCH-II GAS

Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad.

Ph 051-2654901-4
Fax 051-2654905

Invoice #	220492
Invoice Date	09-Jan-14
Due Date	10-Feb-14
Period	Dec-13
Product	Gas
Price/MMBTU	USD 5.9679
Federal Excise Duty Rate	Rs10/MMBTU
Sales Tax Rate	17%
Exchange Rate	102.52

Particulars	Qty in MMBTU	US\$	Amount Rs.
Gas Charges (MMSF= 9.156)	4,312.0000	25,733.58	2,638,207
Federal Excise Duty			43,120
Sales Tax @ 17%			455,826
Invoice Total			3,137,153

(Shaukat Ali)

Manager (Billing & Collection)

PC-Uch-II

Incoming

Sent To:	SSH, MFM
Date Received	13-01-14
Mail Reg. No.	541 SK
File No./Divider Name	
Doc. to be Archived	Yes No
Fax	Doc. Sealed
Returned to	
Received from	

1.1.3 Vol - 1, Invoice, 1

Amour B
3/9



OIL & GAS DEVELOPMENT COMPANY LIMITED
F-6 JINNAH AVENUE BLUE AREA
ISLAMABAD

Ph :0092-51-2623221 Fax: 0092-51-9209631

INVOICE OF UCH-II GAS

Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad.

Ph 051-2654901-4
Fax 051-2654905

Invoice #	221043
Invoice Date	11-Mar-14
Due Date	12-Apr-14
Period	Feb-14
Product	Gas
Price/MMBTU	USD 5.9679
Federal Excise Duty Rate	Rs10/MMBTU
Sales Tax Rate	17%
Exchange Rate	106.69

Particulars	Qty in MMBTU	US\$	Amount Rs.
Gas Charges (MMSF= 972.012)	449,006.3640	2,679,625.00	285,889,191
Federal Excise Duty			4,490,064
Sales Tax @ 17%			49,364,473
Invoice Total			339,743,728

(Shaukat Ali)

Manager (Billing & Collection)

PC-Uch-II

incoming

Sl. No.	554
Date	13-03-14
By	667 SK
For	
Remarks	

FM/NA/OM

1.1.3, vol-1, 1000000

A memo 13
4/9



OIL & GAS DEVELOPMENT COMPANY LIMITED
F-6 JINNAH AVENUE BLUE AREA
ISLAMABAD

Ph :0092-51-2623221 Fax: 0092-51-9209631

INVOICE OF UCH-II GAS

Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad.

Ph 051-2654901-4
Fax 051-2654905

Invoice #	221233
Invoice Date	10-Apr-14
Due Date	12-May-14
Period	Mar-14
Product	Gas
Price/MMBTU	USD 5.9679
Federal Excise Duty Rate	Rs10/MMBTU
Sales Tax Rate	17%
Exchange Rate	106.69

Particulars	Qty in MMBTU	US\$	Amount Rs.
Gas Charges (MMSF= 2834.37)	1,308,855	7,811,116.00	833,367,966
Federal Excise Duty			13,088,550
Sales Tax @ 17%			143,897,608
Invoice Total			990,354,124

SD

(Shaukat Ali)

Manager (Billing & Collection)

PC-Uch-II
DG (PC)

Incident

SSH, MFM
11-04-14
718 312



OIL & GAS DEVELOPMENT COMPANY LIMITED
FINANCE & ACCOUNTS DEPARTMENT
HEAD OFFICE, ISLAMABAD
Ph : 0092-51-920022504-5 Fax: 0092-51-9209631

CREDIT NOTE OF UCH-II GAS

Amend B
5/9

Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad.
ISLAMABAD

NO:	221523
Date	30-Apr-14

UCH-II NTN: 3239640-6
OGDCL NTN: 0787223-2

Credit Note due to change in invoice value on account of change in price and exchange rate.

Invoice No.	Quantity	Rate	Sales Value In USD	Exc Rate	Sales Value In Rs.	Excise Duty	Value for Sales Tax	G.SALES TAX 17% RS.	SALES VALUE INCLUSIVE G.S.T.
Dec-13									
REVISED VALUE	4,312.000	5.0102	21,603.98	80.4500	1,738,040	43,120	1,781,160	302,797	2,083,957
220492	4,312.000	5.9679	25,734.00	102.5217	2,638,207	43,120	2,681,327	455,826	3,137,153
Difference		-0.9577	(4,130.02)	(22.0717)	(900,167)		(900,167)	(153,029)	(1,053,196)
Feb-14									
REVISED VALUE	449,006.364	5.0102	2,249,611.68	80.4500	180,981,260	4,490,064	185,471,324	31,530,125	217,001,449
221043	449,006.364	5.9679	2,679,625.00	106.6900	285,889,191	4,490,064	290,379,255	49,364,473	339,743,728
Difference		-0.9577	(430,013.32)	(26.2400)	(104,907,931)		(104,907,931)	(17,834,348)	(122,742,279)
Mar-14									
REVISED VALUE	1,308,855.000	5.0102	6,557,625.32	80.4500	527,560,957	13,088,550	540,649,507	91,910,416	632,559,923
221233	1,308,855.000	5.9679	7,811,116.00	106.6900	833,367,966	13,088,550	846,456,516	143,897,608	990,354,124
Difference		-0.9577	(1,253,490.68)	(26.2400)	(305,807,009)		(305,807,009)	(51,987,192)	(357,794,201)
Difference			(1,687,634.02)		(411,615,107.00)		(411,615,107.00)	(69,974,569.00)	(481,589,676.00)

The price is provisional and subject to change upon final notification by OGRA

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(Shaukat Ali)
Manager (Billing & Collection)

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Annexure B
6/9



OIL & GAS DEVELOPMENT COMPANY LIMITED
F-6 JINNAH AVENUE BLUE AREA
ISLAMABAD

Ph :0092-51-2623221 Fax: 0092-51-9209631

INVOICE OF UCH-II GAS (PROVISIONAL)

✓ Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad.

Ph 051-2654901-4
Fax 051-2654905

Invoice #	221391
Invoice Date	08-May-14
Due Date	09-Jun-14
Period	April 1-3/2014
Product	Gas
Price/MMBTU	USD 5.0102
Federal Excise Duty Rate	Rs10/MMBTU
Sales Tax Rate	17%
Exchange Rate	80.45

Particulars	Qty in MMBTU	US\$	Amount Rs.
Gas Charges (MMSF= 427.35) April 1-3, 2014	195,528	979,634.00	78,811,555
Federal Excise Duty			1,955,280
Sales Tax @ 17%			13,730,362
Invoice Total			94,497,197

(Signature)

(Shaukat Ali)
Manager (Billing & Collection)

The price is provisional and subject to change upon final notification by OGRA

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OIL & GAS DEVELOPMENT COMPANY LIMITED
FINANCE & ACCOUNTS DEPARTMENT
HEAD OFFICE, ISLAMABAD
 Ph: 0092-51-920022604-5 Fax: 0092-51-9208833

DEBIT NOTE OF UCH-II GAS

Ms Uch-II Power (Pvt) Limited
 18 Khayaba-e-Iqbal Main Margala Road
 F-7/2, Islamabad
 ISLAMABAD

UCH-II NTN: 3239640-6
 OGDCL NTN: 0787223-2

NO:	221644
Date:	30-May-14

(Debit Note due to change in invoice value on account of change in exchange rate).

Invoice No.	Quantity	Rate	Sales Value in USD	Exc Rate	Sales Value in Rp.	Excise Duty	Value for Sales Tax	SALES TAX 17% RS.	SALES VALUE INCLUSIVE SALES TAX
Dec-13									
REVISED VALUE	4,312,000	5.0102	21,804.00	102.5200	2,218,842	43,120	2,257,962	383,854	2,641,816
2/04/92	4,312,000	5.0102	21,804.00	80.4500	1,737,958	43,120	1,781,078	302,703	2,001,856
Difference				22.0700	478,886		476,886	81,071	557,957

The price is provisional and subject to change upon final notification by OGRA.

Shaukat Ali

(Shaukat Ali)
 Manager (Billing & Collection)

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my

Incoming

Copy To:	SSHL PA
Date:	25-06-14
By:	8631 SK
For:	110
Remarks:	

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OIL & GAS DEVELOPMENT COMPANY LIMITED
FINANCE & ACCOUNTS DEPARTMENT
HEAD OFFICE, ISLAMABAD
Ph: 0092-51-920022504-5 Fax: 0092-51-9209631

Annexure B
8/9

DEBIT NOTE OF UCH-II GAS

Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad.
ISLAMABAD

NO:	221645
Date	24-Jun-14

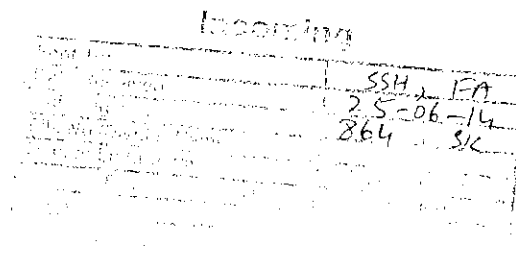
UCH-II NTN. 3239640-6
OGDCL NTN. 0787223-2

Debit Note due to change in invoice value on account of change in exchange rate.

Invoice No.	Quantity	Rate	Sales Value In USD	Exc Rate	Sales Value In Rs.	Excise Duty	Value for Sales Tax	SALES TAX 17% RS.	VALUE INCLUSIVE SALES TAX
Feb-14									
REVISED VALUE	449,006.364	5.0102	2,249,612.00	106.6900	240,011,104	4,490,064	244,501,168	41,565,199	286,066,367
221043	449,006.364	5.0102	2,249,612.00	80.4500	180,981,316	4,490,064	185,471,380	31,530,135	217,001,515
Difference				26.2400	59,029,788		59,029,788	10,035,064	69,064,852
Mar-14									
REVISED VALUE	1,308,855.000	5.0102	6,557,625.00	106.6900	699,633,011	13,088,550	712,721,561	121,162,665	833,884,226
221233	1,308,855.000	5.0102	6,557,625.00	80.4500	527,561,023	13,088,550	540,649,573	91,910,427	632,560,000
Difference				26.2400	172,071,988		172,071,988	29,252,238	201,324,226
Difference					231,101,776.00		231,101,776.00	39,287,302.00	270,389,078.00

The price is provisional and subject to change upon final notification by OGRA

(Shaukat Ali)
Manager (Billing & Collection)





OIL & GAS DEVELOPMENT COMPANY LIMITED
FINANCE & ACCOUNTS DEPARTMENT
HEAD OFFICE, ISLAMABAD
Ph: 0092-51-920022504-5 Fax: 0092-51-9209631

Annexure

9/9

DEBIT NOTE OF UCH-II GAS

Ms Uch-II Power (Pvt) Limited
48 Khayaba-e-Iqbal Main Margala Road
F-7/2, Islamabad
ISLAMABAD

NO.	221824
Date	28-Jul-14

UCH-II NTN 3238640-6
OGDCL NTN 0787223-2

Debit Note due to change in invoice value on account of change in exchange rate.

Invoice No.	Quantity	Rate	Sales Value In USD	Exc Rate	Sales Value In Rs.	Excise Duty	Value for Sales Tax	SALES TAX 17% RS.	VALUE INCLUSIVE SALES TAX
Apr-14									
REVISED VALUE	195,528.000	5.0102	979,634.00	106.6500	104,477,966	1,955,280	106,433,246	18,093,652	124,526,898
221391	195,528.000	5.0102	979,634.00	80.4500	78,811,555	1,955,260	80,766,835	13,730,362	94,497,197
Difference				26.2000	25,666,411		25,666,411	4,363,290	30,029,701
Apr-14									
REVISED VALUE	1,419,024.000	5.0102	7,109,594.00	106.6500	758,238,200	14,190,240	772,428,440	131,312,835	903,741,275
221392	1,419,024.000	5.0102	7,109,594.00	80.4500	571,966,841	14,190,240	586,157,081	99,646,704	685,803,785
Difference				26.2000	186,271,359		186,271,359	31,666,131	217,937,490
May-14									
REVISED VALUE	1,270,465.000	5.0102	6,365,284.00	106.6500	689,857,539	12,704,650	691,562,189	117,565,572	809,127,761
221555	1,270,465.000	5.0102	6,365,284.00	80.4500	512,087,977	12,704,650	524,791,727	89,214,594	614,006,321
Difference				26.2000	166,770,462		166,770,462	28,350,978	195,121,440
Jun-14									
REVISED VALUE	1,290,569.000	5.0102	6,466,009.00	106.6500	689,599,860	12,905,690	702,505,550	119,425,944	821,931,494
221770	1,290,569.000	5.0102	6,466,009.00	80.4500	520,190,448	12,905,690	533,096,139	90,626,344	623,722,483
Difference				26.2000	169,409,412		169,409,411	28,799,600	196,209,011
Difference					548,117,644.00		548,117,643.00	93,179,999.00	641,297,642.00

The price is provisional and subject to change upon final notification by OGRA

Shaukat Ali
(Shaukat Ali)
Manager (Billing & Collection)

Incident

Sent To	SSH, FA
Date	07-08-14
By	921 SK
For	
Remarks	
Signature	
Stamp	

PPA SCHEDULE 8

INSURANCE

PART I: CONSTRUCTION PERIOD

1. Marine and Air Cargo:

Cover: All materials, equipment, machinery, spares and other items for incorporation in the Complex against all risks of physical loss or damage while in transit by sea or air from country of origin anywhere in the world to the Site in Pakistan, or vice versa, from the time of the insured items leaving warehouse or factory for shipment to the Site. Cover to institute Cargo Clauses (Air), institute War Clauses (Air), (Sendings By Post), institute Strikes Clause (Cargo, Air Cargo) or equivalent.

Sum insured: An amount equal to cost and freight of any shipment

Deductible: Not to exceed US\$ 25,000 each loss.

Insured: The Company, the Contractors and suppliers to the Company and to the Contractors.

2. Loss of Revenue Profits (following Marine incident):

Cover: Against loss of revenue following delay in start of commercial operations as a direct result or physical loss or damage to the materials, equipment, machinery and other items in transit by sea or air to the Site, to the extent covered under the Marine Cargo insurance.

Sum insured: An amount equal to the estimated continuing expenses, including debt service, during the indemnity period.

Indemnity Period: Not less than 12 months or the period required to repair or replace materials, equipment or machinery, whichever is earlier.

Deductible: Not to exceed 60 days.

Insured: The Company and the Lenders.

3. Contractors' All Risks:

Cover: The contract Works executed and in the course of execution, materials and temporary works, while on the Site, against all risks of physical loss or damage other than war and kindred risks, nuclear risks, unexplained shortage, cost of replacing

or repairing items which are defective in workmanship, material or design; penalties; consequential losses; cash; vehicles; vessels; aircraft. Cover shall provide the equivalent terms, conditions and perils/causes of loss provided under an Erection All Risks insurance policy.

Sum insured: The Contract Price subject to specified sub-limits.

Deductibles: In relation to Contract Works, Materials etc., for each loss, not greater than:

2.5% of value at risk at time of loss in respect of earthquake and tsunami subject to a minimum of USD500,000 and a maximum of USD5,000,000:

USD1,000,000 arising from hot testing and commissioning of gas turbine generator sets and for such items during the maintenance period:

USD500,000 arising from hot testing and commissioning of steam turbine, steam turbine generator, HRSGs, and main transformers and for such items during the maintenance period:

USD250,000 arising out of hot testing and commissioning of all other items and for such items during the maintenance period:

USD250,000 in respect of storm, tempest, flood, subsidence and collapse and in respect of any wet works:

USD100,000 in respect of all other losses.

Period of Cover: Actual periods of construction, testing and commissioning until the Commercial Operations Date, followed by 18 months extended maintenance coverage during the defects liability period of the EPC Contract.

Insured: The Company, the Contractors, subcontractors, GOP, the Power Purchaser and the Lenders. Suppliers and consultants will be covered for their physical activities on the Site only.

General: During the warranty period, cover shall be limited to the loss or damage for which the Construction Contractor is liable under the warranties of the Construction Contract. Cover shall include transit within Pakistan of locally procured materials. Cover shall cease, and be transferred to Operating Period insurance, on the Commercial Operations Date.

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4. Loss of Revenue (following C.A.R.):

Cover: Against loss of revenue following delay in start of commercial operations as a direct result of physical loss of or damage to the Works during construction or testing and commissioning to the extent that such loss or damage is covered under the Contractors' All Risks policy.

Sum insured: An amount equal to the estimated continuing expenses, including debt service, during the indemnity period.

Indemnity Period: Not less than 12 months.

Insured: The Company, and the Lenders.

Deductible: Not more than 90 days.

Period of Cover: Actual construction, testing and commissioning periods of the Project from mobilization of the Contractors until the Commercial Operations Date.

5 Sabotage and Terrorism:

Cover: Property Damage and Delay in Start Up as a result of Terrorism and/or Sabotage to the physical assets including permanent and temporary works, materials, buildings, structures, machinery, plant and equipment and all other property for incorporation into the construction of the project.

Sum Insured: US\$ 100,000,000 any one occurrence loss and in the aggregate for the period for property damage and delay in start-up combined.

Deductibles: Property Damage US\$ 500,000 any one occurrence
Delay in Start Up; 30 days aggregate

6. Public Liability:

Cover: Against legal liability to third parties for bodily injury or damage to property arising out of the construction, testing and commissioning of the Project in Pakistan.

Sum insured: For any one claim: Not less than US\$ 5,000,000.

Deductible: Not to exceed US\$ 25,000 for each claim for damage to property.
None for injury to persons.

Annexure C
4/4

Insured: The Company, Contractors, subcontractors, GOP, the Power Purchaser, Suppliers and consultants will be covered for their physical activities on the Site only.

Period of Cover: The actual construction, testing and commissioning of the Project from mobilization of the Contractors until the Commercial Operations Date.

7. Miscellaneous:

Other insurance as is customary, desirable or necessary to comply with local or other requirements, such as Workmen Compensation Insurance in relation to all workmen employed in the construction of the Project and Motor Insurance on any vehicle.

PART II: OPERATING PERIOD

1. All Risks Insurance - Fixed Assets:

Cover: All building contents, machinery, stock, fixtures, fittings and all other personal property forming part of the Complex against "All Risks" of physical loss or damage, including (but not limited to) those resulting from fire, lightning, explosion, spontaneous combustion, storm, wind, tempest, flood, hurricane, water damage, riot, strikes, malicious damage including act of terrorism and sabotage, earthquake, tsunami, collapse and/or loss of contents of tanks.

Sum insured: Full replacement value of the Complex or on a first loss basis as may be agreed

Deductible: Not to exceed US\$500,000 each loss other than in respect of earthquake or tsunami which not to exceed USD5,000,000.

Insured: The Company, the O&M Contractor, GOP, the Power Purchaser, and the Lenders.

2. Consequential Loss Following All Risks:

Cover: Loss of revenue due to loss of capacity and/or loss of output as a direct consequence of loss of or damage to the Complex and caused by a peril insured under paragraph 1 above.

Sum insured: Not less than an amount equal to the estimated continuing expenses, including debt service, during the indemnity period.

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Security Incidents 2011-2015

Annexure D

