

Ref No. BWEPL/NEPRA/308/2018

Date: 31st May 2018

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower Attaturk Avenue (East),
Sector G-5/1, Islamabad.

Subject: Submission of the Tariff Petition (Cost Plus) of 13.80 MW Wind Power Project of Burj Wind Energy (Pvt.) Ltd (BWEPL)

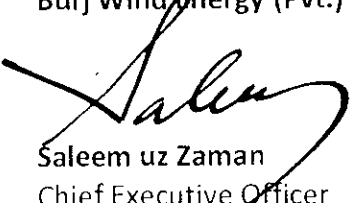
Dear Sir,

We submit herewith the Company's Tariff Petition along with the fee as determined by the National Electric Power Regulatory Authority ("NEPRA" or the "Authority") for kind consideration and favorable approval by the Authority in accordance, inter alia, with section-31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Rule 3 of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 and other applicable provisions of NEPRA law.

The Tariff Petition (including its Annexures) is submitted in triplicate together with:

- a. The Bank Drafts total amounting to of PKR 467,064/- (Pakistan Rupees Four Hundred Sixty-Seven Thousand Sixty-Four Only) dated: 31.05.2018, comprising following Pay Orders as requisite fee for Tariff Petition as communicated by NEPRA.
 1. Pay order No. 01781070 of PKR 17,064/-
 2. Pay order No. 01781071 of PKR 150,000/-
 3. Pay order No. 01781072 of PKR 150,000/-
 4. Pay order No. 01781073 of PKR 150,000/-
PKR 467,064/-
- b. Board Resolution of Burj Wind Energy (Pvt.) Limited
- c. Affidavit of Mr. Saleem uz Zaman


Yours sincerely,
Burj Wind Energy (Pvt.) Ltd.


Saleem uz Zaman
Chief Executive Officer



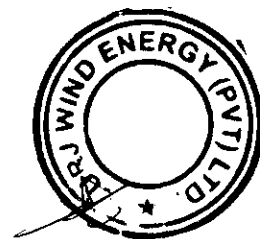
CERTIFIED TRUE COPY

BURJ WIND ENERGY (PVT.) LTD.


COMPANY SECRETARY

Contents

1. Petitioner's Information	2
2. Executive Summary	3
3. Grounds for Petition	6
4. The Project	7
5. EPC – Process & Selection	18
6. Project Cost	21
7. Financing Arrangement	25
8. Operations Cost	27
9. Reference Tariff	29
10. Indexation & Adjustments	37
11. Pass Through Items & Tariff Assumptions	43



1. Petitioner's Information

1.1. Name of Petitioner

Name: Burj Wind Energy (Private) Limited ("BWEPL", the "Project Company" or the "Petitioner").

Address: 3rd Floor, Faysal bank Building, 16, Abdullah Haroon Road, Karachi

Company Registration No: 0080255

1.2. Project Sponsor

Burj Capital
Sponsor

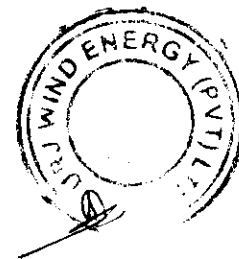
1.3. Representative of the Petitioner

Saleem uz Zaman
Chief Executive officer

1.4. Project Advisors

OMS (Pvt.) limited
Technical Advisor

Afridi and Angel
Legal Counsel



2. Executive Summary

Burj Wind Energy (Private) Limited (BWEPL) is envisioned as a 13.80 MW Wind Power Project located at Gujju, Thatta in Sindh (the “Project”). Burj Capital is the Sponsor of BWEPL. Burj Capital is also the main sponsor of the just-completed 50MW Jhampir Power (Pvt.) Limited in, Thatta, Sindh.

BWEPL will sell its generated power to Central Power Purchase Authority (CPPA-G).

Project Highlights

Project Capacity	13.80 MW
Project Location	Gujju, Thatta District, Sindh, Pakistan
Power Purchaser	Central Power Purchase Authority
Wind Turbine Generators	GE 2.3-116m
Annual Energy Production	49,684,968 kWh
Capacity Factor	41.10 %
Construction Period	18 months
Concession Period	25 Years
Project Basis	BOO

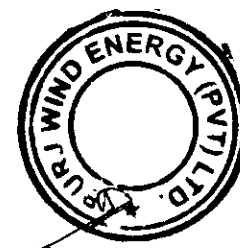
2.1. Project Cost

The Breakup of the Project cost is below:

Description	US \$ MILLION
EPC Cost	24.310
Project Development Cost	1.950
Insurance During Construction	0.121
Financial Fee And Charges	0.593
Interest During Construction	0.750
Total Project Cost	27.725

2.2. Project Financing

Description	Percentage	US \$ MILLION
Equity	25 %	6.931
Debt	75 %	20.794



Total Financing	100 %	27.725
-----------------	-------	--------

2.3. Project Financing and Terms

Description	Percentage	US \$ MILLION
Foreign Financing – Arranged and Lead by Meezan Bank Ltd.	50 %	10.397
Local Financing – Arranged and Lead by Meezan Bank Ltd.	50 %	10.397
Total Financing	100 %	20.794

Description	Foreign	Local
Loan Term	14.5 Years (Door to Door)	14.5 Years (Door to Door)
Debt Repayment	52 Quarterly Installments	52 Quarterly Installments
Mark-Up Rate	3 M Libor + 4.50 %	3 M Kibor + 2.50 %

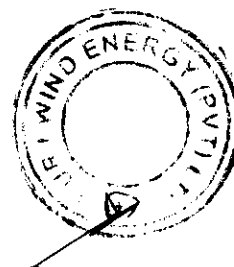
2.4. Summary of EPC Selection Process

BWEPL carried out a comprehensive competitive bidding process for selection of EPC contractor for the Project. The process was initiated prior to the issuance of NEPRA (Selection of Engineering, Procurement and Construction Contractor by Independent Power Producers) Guidelines 2017 (“NEPRA EPCC Guidelines”). An independent Technical Consultant, OMS (Pvt.) Limited was appointed advisor to conduct EPC bidding and selection process in compliance to the NEPRA EPCC Guidelines.

The following EPC Contractors responded to the Company’s Request for Quotation:

1. Descon Engineering Limited Pakistan with GE & Gold Wind Turbines.
2. Huadong Engineering Corporation Limited (HDEC) with GE & Gold Wind Turbines.
3. Xing Xiang Electric Power Construction Company Limited China with VESTAS Turbines.

After technical, financial and commercial evaluation process and based on the recommendations of independent consultant, HDEC has been selected as the **Engineering, Procurement & Construction (EPC)** contractor with **GE’s 2.3–116m** wind turbines.



2.5. Operational Phase Cost

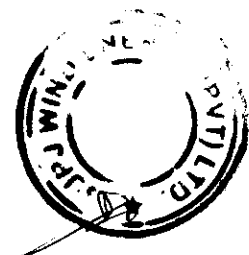
The O&M Cost for the Project is US\$ 0.675 Million/annum for all operating years and Insurance Cost is US\$ 0.097Million/annum.

2.6. Levelized Tariff

The Petition proposes the Levelized Tariff of US¢ **7.7297** per kWh.

2.7. Key Project Milestones

	STATUS
Valid Letter Of Intent	✓
Land Availability	✓
Installation Of Wind Mast	✓
Topographical Study	✓
Transportation Study	✓
Wind Resource Assessment Study	✓
Initial Environment Examination (IEE)	✓
Feasibility Study	✓
Grid Interconnection And Load Flow Study	✓
Approval Of GIS From NTDC	✓
Issuance Of Power Evacuation Certificate (PEC)	In progress
Power Acquisition Request (PAR)	In progress
IEE Approval From SEPA	✓
EPC Contractor Selection Bidding And Contractor Selection	✓
Submission Of Generation License Application To NEPRA	✓
Term Sheet From Project Lenders	✓
EPC And O&M Agreements Signed	✓



3. Grounds for Petition

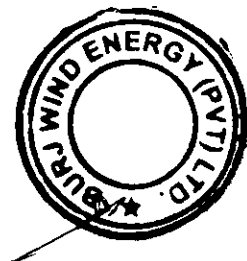
3.1. Applicable Regulatory Framework:

This Petition is made to the National Electric Power Regulatory Authority ("NEPRA" or the "Authority") under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of) 1997 (the "NEPRA Act") and the Tariff Standards and Procedure Rules, 1998 (the "NEPRA Rules") made under the NEPRA Act; and other applicable laws.

Under the NEPRA Act, the Authority is responsible for determining tariffs, rates and other terms and conditions for the supply of electric power services by the generation, transmission and distribution companies and recommending them to the Federal Government for notification. NEPRA is also responsible for determining the process and procedures for reviewing and approving tariffs and tariff adjustments.

3.2. Request for Tariff Determination – Submission

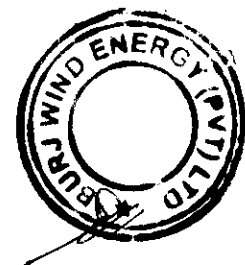
In accordance with the requirements of the NEPRA Act and NEPRA Rules, Petitioner hereby submits this Petition for determination/approval of the BWEPL Reference Tariff (Negotiated Tariff under Cost-Plus regime) along with adjustments, pass-through items, indexation mechanisms and other terms and conditions for supply of electric power to CPPA-G (the "Power Purchaser") from the Project.



4. The Project

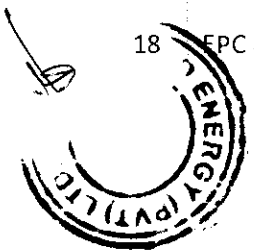
4.1. About the Project

The 13.80 MW (gross) Wind Project is located at Gujju, District Thatta, Sindh. The development of the Project is being undertaken on a Build-Own and Operate (BOO) basis by BWEPL which is owned by Burj Capital. The Project is being implemented on a fast track basis.



4.2. Project Development

No.		Status	Attachment
1	Letter of Intent (LOI)	LOI issued by Alternative Energy Development Board (“AEDB”) on 31 st October 2012 for a 14 MW Wind Power Project (Valid and extended time to time)	Annexure A
2	Land Availability	The Project will be developed on private land. BWEPL has locked approximately 250 acres of land in Gujju, District: Thatta, Sindh, Pakistan. The site is located in Gharo – Jhimpir – Keti Bander Wind Corridor. The Land is owned by the Sponsors and shall be transferred/leased to the Project Company in due course.	-
3	Installation of Wind Mast	BWEPL commissioned the Wind Mast in December 2012.	-
4	Topographical Study	Completed	-
5	Transportation Study	Completed	-
6	Wind Resource Assessment Study	Completed	-
7	Initial Environment Examination (IEE)	Completed	-
8	Grid Interconnection and load flow study	Completed.	-
9	Feasibility Study	Completed. (Submitted to AEDB)	Annexure B
11	Approval of GIS from NTDC	Available	Annexure C
12	Issuance of Power Evacuation Certificate (PEC)	Pending (Request submitted to NTDC)	Annexure D
13	Power Acquisition Request (PAR)	Pending (Letter from CPPA-G)	Annexure E
15	IEE Approval	Available	Annexure F
16	Conduct of EPC Contractor Selection bidding and contractor selection	Process Completed in substantial compliance with NEPRA EPCC Guidelines 2017.	Annexure G
17	Term sheet from Project Lenders	Available	Annexure H
18	EPC and O&M Agreements	Executed	Annexure I



4.3. About the Sponsors – Burj Capital

Burj Capital (The "Project Sponsor" or "Burj") is the Sponsor of the Project and is headquartered in Dubai, UAE. It also maintains a project development office in Karachi, Pakistan.

Burj actively originates, develops and constructs high quality renewable power projects in select markets to reliably deliver electricity at the lowest possible cost. Its team has led significant investments into over 2GW of wind, solar, hydro and efficient gas platforms with leading players including Engie, Total, Aditya Birla and Africa Finance Corporation across South Asia, Africa, and Latin America.

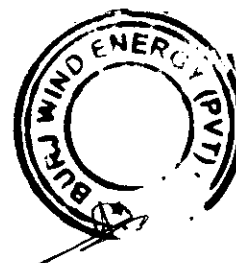
As of December 31, 2016, Burj's consolidated balance sheet had assets in excess of USD 60 million.

Technical Capability

Burj Capital has a full-time Project Management team of experienced Project Managers, Project Engineers and project developers with one of the best track records in Pakistan. Our Project Team has managed several wind projects on turnkey basis in Pakistan and have significant experience working as EPC in conventional power projects as well. Hence our team is highly capable of managing EPC/O&M of the proposed project.

In addition to developing several renewable energy projects, Burj Capital is the lead developer for the 50 MW Jhimpir Power Limited (JPL) plant in Sindh's Gharo-Jhimpir corridor. The project achieved commercial operations in March 2018. A 30 MW co-located hybrid solar plant within JPL infrastructure (shared grid) is under active development. This will be among the first few co-located hybrid solar projects in Pakistan.

Burj Capital developed the 50 MW JPL project from its inception i.e. starting from securing regulatory approvals and land, selecting the turbines (GE) and EPC/O&M contractors after a thorough review of available technology and contractor capabilities and arranging project financing from OPIC. It arranged required insurances, hired a team of experienced engineers and has managed construction of the project since August 2016. The project has met all



contractual obligations and achieved commercial operation in March, 2018. GE is responsible for O&M operations.

In addition to an experienced project management team, our team of project developers and project finance specialists have a track record of arranging energy project financing in Pakistan as well as internationally.

Company's Business Model

Burj Capital invests strategically to ensure a large degree of technical and operational control over the performance of such assets. Our growth strategy is focused on sovereign and industrial offtake markets to ensure sustainable growth through the expansion of existing platforms, the development of Greenfield projects, and the acquisition of existing plants.

Burj Capital commits resources selectively, choosing markets that offer significant scale and robust regulatory frameworks. We target markets where through our local network and partnership, we invest into and guide early stage opportunities to maturity and deploy capital for construction. Working alongside leading institutional investors, development finance institutions and technology providers, we identify opportunities where we can deliver value by utilizing our team of investment and industry experts and the strength of our network.

The firm's world class and multi-disciplined professionals have a successful track record of identifying high quality assets and advancing them from development to operations, Burj Capital is capable of originating, developing, and managing the construction as well as the operations of renewable power projects globally.

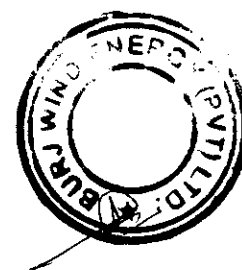
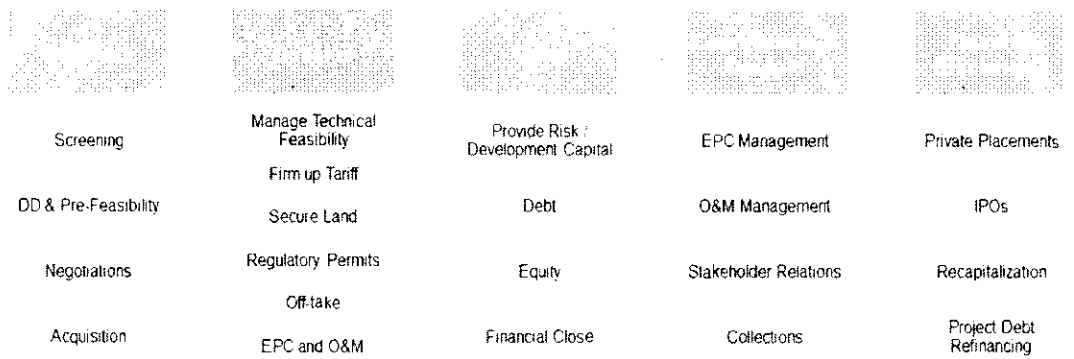


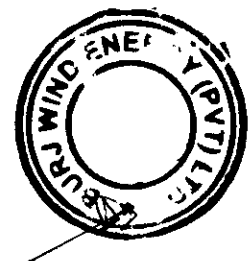
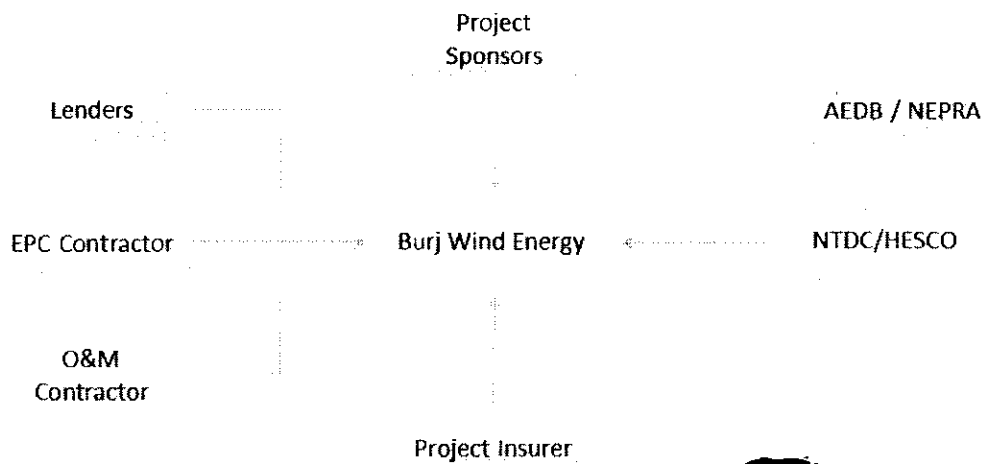
Figure 1: Burj-Capital Business Model



4.4. Project SPV – Burj Wind Energy (Pvt.) Limited

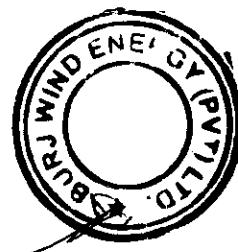
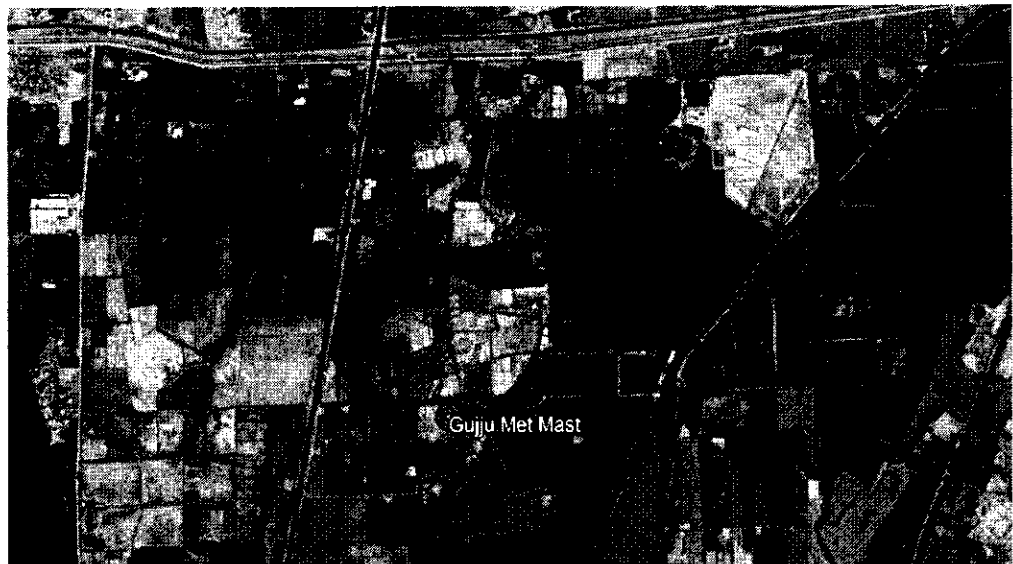
Burj Wind Energy (Pvt) Limited is the project company or SPV. It was established on 20th June 2012. The Project SPV and key stakeholders are presented in Figure 2:

Figure 2: Project Sponsor and Key Stakeholders



4.5. Project Location

The map below depicts the project site, located in the Gharo - Jhimpir wind corridor, the site is approximately 0.5 km from NTDC/HESCO (offtake point).



The land coordinates are as follows:

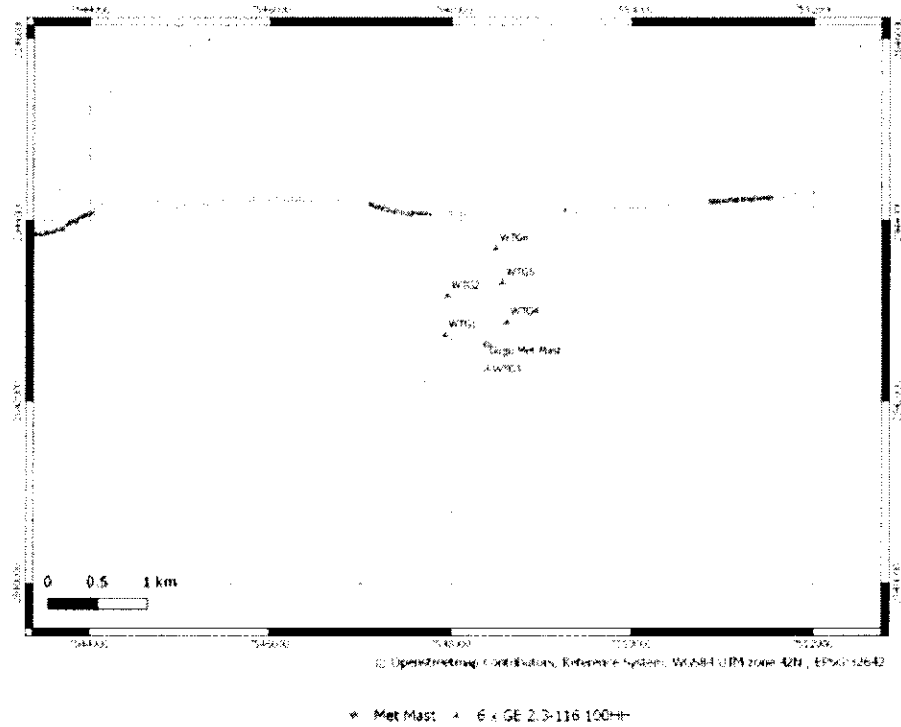
S. No.	Longitude	Latitude
A	67°49'03.54"East	24°44'05.43"North
B	67°48'59.84"East	24°44'06.34"North
C	67°49'01.17"East	24°44'10.74"North
D	67°48'47.83"East	24°44'10.30"North
E	67°48'41.64"East	24°44'27.83"North
F	67°48'43.76"East	24°44'30.83"North
G	67°48'32.44"East	24°44'30.91"North
H	67°48'25.81"East	24°44'22.08"North
I	67°48'21.20"East	24°44'17.21"North
J	67°48'18.64"East	24°44'17.38"North
K	67°48'12.12"East	24°43'51.48"North
L	67°48'25.45"East	24°43'45.66"North
M	67°48'26.21"East	24°43'37.40"North
N	67°48'47.06"East	24°43'40.04"North
O	67°48'52.65"East	24°43'39.64"North
P	67°48'16.08"East	24°44'16.54"North
Q	67°49'01.65"East	24°43'55.70"North

The site selection criteria include a comparative evaluation of different factors such as site accessibility, land availability and costs, interconnection with the NTDC/HESCO grid, and geotechnical features.

Terrain conditions can be classified as higher water table. There are no nesting habitats for any large or significant avian populations located in the project area of influence. Topographically the area is flat. There are no sharp edges and the surface is generally plain.

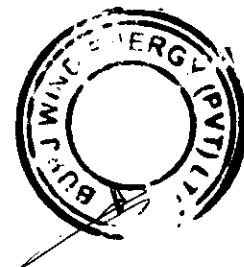


4.6. Wind Farms Layout at Project Site



The coordinates for WTGs are given in table below.

Site	Longitude	Latitude
WTG1	379067	2735698
WTG2	379099	2736089
WTG3	379493	2735343
WTG4	379689	2735823
WTG5	379646	2736214
WTG6	379589	2736558



4.7. Topographical and Geological Conditions at project Site

Topographical Conditions: The Project Site is generally flat (a bit higher on the west and lower on the east). The landform at wind farm sites is mainly of pediment and the vegetation.

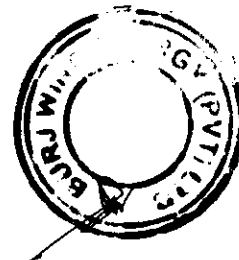
4.7.1. Geological Conditions:

Geotechnical investigation of BWEPL Project, Gujju District Thatta, Sindh was carried out in order to determine geotechnical parameters of subsurface deposits. Three (03) boreholes were drilled at the site: up to a depth of 40.0 meters below the existing ground level as a part of the field investigation. Soil and ground water samples were collected during field investigation. Laboratory testing of these samples has been carried out in the Soil Testing Services laboratory, Karachi. The deposition of the area mainly consists of 'stiff to hard sandy silt', and 'loose to very dense, fine to coarse grained silty sand'. Groundwater table was encountered in the depth range of 1.6 meters to 1.8 meters below the existing ground level in the boreholes drilled at site at the time of this geotechnical investigation.

This substratum is not considered competent to sustain anticipated loads unless its strength characteristics are improved by special ground improvement techniques or the loads are transferred to deeper horizon- by using deep/pile foundations.

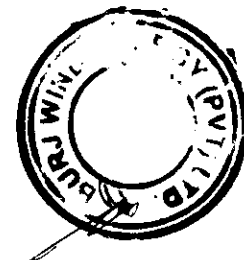
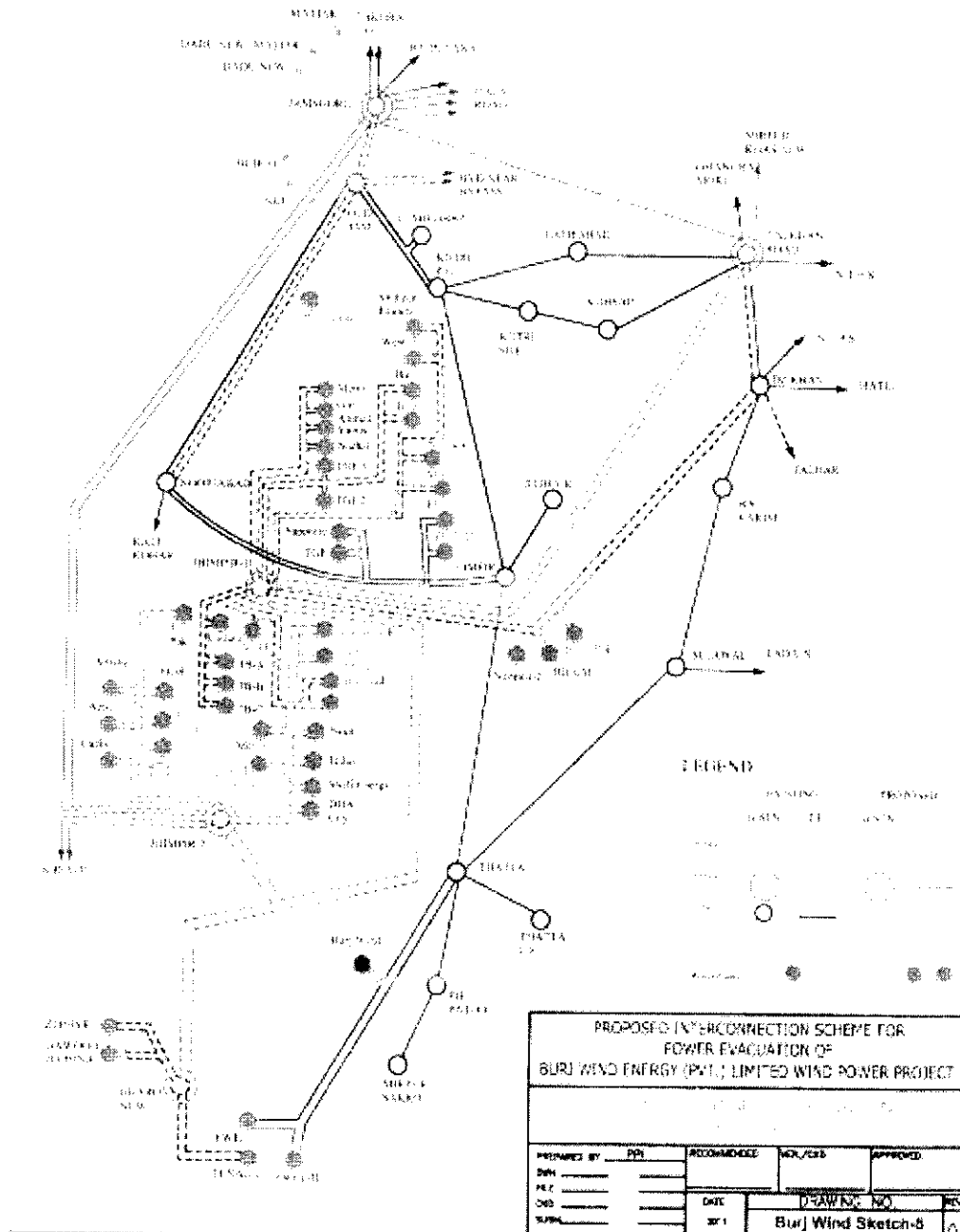
4.7.2. Grid Connectivity

The Grid Study was conducted by Power Planners internationals (PPI), an independent consultant. The study concludes that evacuation of Power from 13.80 MW Burj Wind Energy Wind Power Plant project to the NTDC/HESCO Network will be through a looping in-out the existing 132kV Circuit from Thatta towards FWEL-1 from the switchyard of Burj Wind Energy Wind Power Project. This is shown below:





**Proposed Interconnection Scheme For Power Evacuation of
Burj Wind Energy (Pvt) Ltd. Wind Power Project**

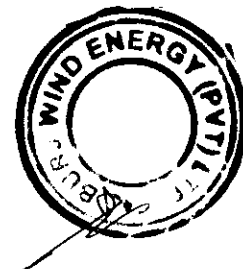


4.7.3. Annual Energy Production.

Annual Energy Production of 49.7 GWh has been estimated for the Project. The table below shows key details relating to power generation from the Project.

The energy data of the wind farm is given below:

1	Total installed / Gross ISO Capacity (MW)	13.80
2	Annual Energy Generation (GWh)	49.7
3	Net Capacity Factor @P75	41.1 %



5. EPC – Process & Selection

5.1. EPC Selection

The request for quotation were sent to five leading EPC Contractors in the region by Burj Wind on April 30, 2017 as below:

1. Descon Engineering Limited Pakistan
2. Huadong Engineering Corporation Limited (Hydro China Corporation Limited)
3. Nordex
4. Xing Xiang Electric Power Construction Company Limited China (Vestas)
5. Orient Power (Gamesa)

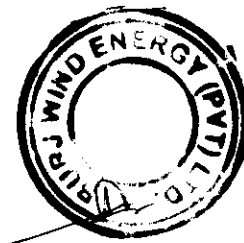
The Target date given for the Bid submission was May 25, 2017. Bids were received from following three EPC Contractors.

1. Descon Engineering Limited Pakistan with GE & Gold Wind Turbines.
2. Huadong Engineering Corporation Limited (HDEC) with GE & Gold Wind Turbines.
3. Xing Xiang Electric Power Construction Company Limited China with VESTAS Turbines.

Burj Wind Energy followed the two stage bidding process by initially calling only Technical Bids at the first stage. In the meantime, NEPRA guidelines dated May 19, 2017, were issued for finalization of the EPC Contractor for submission of Cost Plus tariff. After issuance of NEPRA guidelines, Burj Wind Energy followed the guidelines for the remaining process i.e. technical and commercial bid evaluation and finalization of EPC Contractor.

Burj Wind Energy engaged OMS (Private) Limited as Independent Consultant for the evaluation of the technical and commercial bids of the EPC contractors under the NEPRA guidelines. The Independent Consultant also engaged M/s Wood Group UK (formerly Sgurr Energy Limited) as their sub consultant for the evaluation of the Wind Turbine Generators (WTGs). Please note that at first stage only Technical Bids were called, as explained below.

PART (a) Evaluation of Technical Bids



The Technical Bids of the above three EPC bidders were evaluated. An exhaustive Technical Bid evaluation was done by OMS through clarification meetings with the bidders.

After obtaining technical clarifications from the bidders and holding post bid meetings with each bidder, all these were brought on same page with identical scope of work as required by Burj Wind Energy.

All the clarifications sought by the bidders were responded through meetings and email communications. The purpose was to bring all EPC Contractors on the identical scope of work so that a fair technical comparison can be done by Apple to Apple comparison. The Technical bids were evaluated as per the Project requirements of Burj Wind Energy communicated to EPC Bidders and scoring was done under the guidelines provided by NEPRA for the evaluation of the technical bids. All the Technical Bid scoring was carried out under the NEPRA guidelines

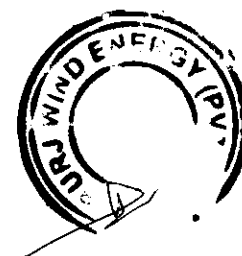
M/s Descon Engineering Limited and Huadong Engineering Corporation were declared technically qualified by Independent Consultant (OMS) as EPC bidders for the construction of 13.80 MW Burj Wind Energy Wind Project, whereas M/s Xinijang Electric Power Construction Company Limited China was disqualified by OMS.

A Technical Bid Evaluation (TBE) was prepared by Independent Consultant (OMS) and their sub consultant M/S Wood Group under NEPRA guidelines.

PART (b) Evaluation of Commercial Bids

After the technical clarification sessions with the bidders, Commercial Bids were called on Nov 30, 2017. The Independent Consultant carried out Commercial bid evaluations of the two technically qualified EPC bidders as per NEPRA guidelines and the requirement of the Project. A Commercial Bid evaluation was prepared by OMS under the guidelines of NEPRA and accordingly successful Bidder was selected by combining the Technical and Commercial evaluation numbers.

After an extensive technical, financial and commercial evaluation process, the independent consultant recommended HDEC as its **Engineering, Procurement & Construction (EPC)**



contractor with **GE's 2.3–116m wind turbines**. 06 turbines will be installed. Further, **GE** will be the **O&M** operator.

HDEC will construct the plant in 15 months and will also be responsible for O&M of the complete facility for the first two years. HDEC and GE are top-rated global powerhouses in wind sector (technically + financially) and have the largest market share in Pakistan of installed wind projects (in their respective areas).

HDEC with GE technology is also the contractor in our current JPL 50 MW wind project which is being delivered on scheduled time. Our project team is therefore experienced in working with HDEC.

The combination of HDEC and GE, their global capability as well as experience in Pakistan and their experience in working with us on a 50 MW project that has been completed on scheduled time give significant boost to our ability to deliver and run BWEPL on time and within specifications.

Brief details of GE's turbine technology are given below. Further details are attached in GE (turbine Supplier) technical document.

5.2. **GE – The WTG Manufacturer**

The specifications of GE 2.3-116m are as follows:

1	Wind Turbine Type, Make & Model	General Electric GE 2.3–116m
2	Number of Wind Turbine Units/Size of each Unit (KW)	06 x 2300 kW
3	Number of blades	3
4	Rotor diameter	116 m
5	Hub Height	94 m
6	Generator Voltage	690 V
7	Cut-in Wind Speed	3 m/s
8	Cut-out Wind Speed	22 m/s
9	Survival Wind Speed	52 m/s

6. Project Cost

The Project Cost is based on the firm EPC Contract comprising of the Offshore Contract and the Onshore Contract. The reference exchange rate used to convert the PKR denominated costs into United States Dollars is US \$ 1 = PKR 105.

A summary of the Project Cost is given below:

PROJECT COST ITEMS	US \$ MILLION
EPC Cost	24.31
Project Development Cost	1.95
Duties And Taxes*	0.00
Insurance During Construction	0.12
Financial Fee And Charges	0.59
Interest During Construction	0.75
Total Project Cost	27.72

*Duties and Taxes: Cost on account of Duties and Taxes shall be claimed at actual at the time of COD tariff adjustment.

6.1. EPC Cost

The scope of work to be carried out by the EPC contractor has been split into two parts, namely, onshore works and offshore works; where offshore works primarily relate to procurement and supply of electrical and mechanical equipment outside Pakistan and onshore works comprise of civil works, erection, commissioning, testing, etc.

Total EPC cost for the project is US \$ 24.31 Million. As identified above, BWEPL carried out a competitive bidding process for selecting its EPC contractor.

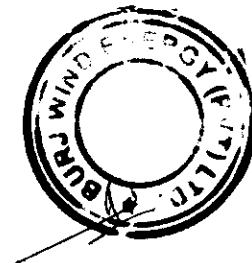


Table below provides the breakup of onshore and offshore EPC costs:

EPC COST	US\$ MILLION
Onshore EPC	2.64
Offshore EPC	21.67
Total EPC Cost	24.31

6.2. Project Development Cost

This head includes the cost for development of Project and includes all costs, fees and expenses incurred or to be incurred for such purpose. A total of US\$ 1.95 million has been estimated under this head. These costs include costs of:

- Feasibility study costs including cost for Topographical survey of land, Geological and geotechnical study, Project layout study, and electrical study; and Transportation study etc.
- Costs related to the Power Purchaser letter of credit to be furnished to the Power Purchaser pursuant to the provisions of the EPA;
- Various regulatory fees to be paid to NEPRA and other regulatory bodies;
- Costs incurred during Project Company formation;
- Project Company staff salaries, allowances and other benefits;
- Project Company head office – development and running expenses during construction period;
- Travelling costs of Project Company staff;
- Cost of security arrangement for the Project;
- Costs relating to various permits for the Project including land acquisition and
- Project advisors, including cost of Local and Foreign Financial Advisors, Insurance Advisor, Audit and Tax Advisors, Security Advisors, Carbon Credit Advisors etc.

6.3. Duties and Taxes

Duties and Taxes of non-refundable nature shall be adjusted at Commercial Operations Date, based on the actual cost incurred for which the Project Company shall submit documentary evidence to the satisfaction of the Authority.



6.4. Insurance during Construction

Insurance during Construction cost covers the insurance cost of the Project's assets during the construction period. Authority is hereby requested to allow Insurance during Construction of US\$ 0.12155 Million as a part of Project cost.

The Project, in view of the practices set by other IPPs in Pakistan and in accordance with the requirements typically set out by the Lenders funding the Project, intends to procure the following insurances during the construction phase of the Project:

- (a) Construction All Risk Insurances (CAR);
- (b) CAR Delay in Start-up Insurance;
- (c) Terrorism Insurance;
- (d) Marine and Inland Transit Insurance;
- (e) Marine - Delay-In Startup Insurances; and
- (f) Comprehensive General Liability.

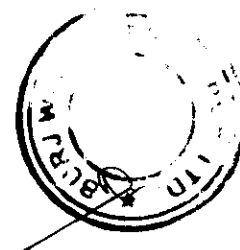
6.5. Financial Fees and Charges

Financial Fee & Charges include costs related to Debt Financing of the Project. Such costs include fees and charges related to lenders up-front fee, lenders advisors & agents charges, commitment fee, management fee, charges related to various letters of credit to be established in favor of various contracting parties, fees payable and stamp duty applicable on the financing documents, agency fee, security trustee fee, L/C commitment fee/charges for EPC, commitment fee and other financing fees cost and charges. The financial fee and charges requested as part of the Project Cost of US\$ 0.593585 Million

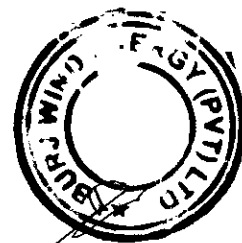
In case the Company is required to provide LC confirmation cost for base equity LC and other LC's related to securing the sponsors obligations under the financing agreements, then such costs shall be claimed at true-up on the basis of actual cost incurred.

6.6. Interest during Construction

The Interest during Construction ("IDC") has been calculated on the basis of 18 months' construction period at US \$ 0.750563 Million on the terms offered by financial institutions and banks to the Project at 3-month LIBOR and KIBOR plus a spread of 4.50% and 2.50%



respectively. Actual IDC, however, shall be subject to change depending on the fluctuations in base rate, funding requirement (draw-downs) of the Project during the construction period, changes in Project Cost including changes due to Taxes and Duties, and variations in PKR / USD exchange rate. Construction period assumed for IDC calculation is 18 months. It is pertinent to mention that all bidders proposed the same construction period for the Project.



7. Financing Arrangement

7.1. Project Financing

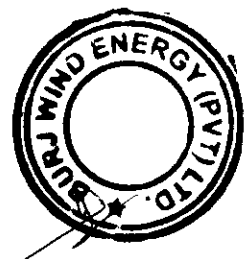
The Project Cost is envisaged to be funded on the basis of a Debt: Equity ratio of 75:25, however, this shall be firmed up once the financing documents for debt financing have been executed prior to financial close. For the purpose of this Petition, a debt: equity ratio of 75:25 has been assumed, thereby resulting in the following debt and equity injections for the Project:

	MILLION US \$
EQUITY	6.93
DEBT	20.79
TOTAL PROJECT COST	27.72

Key terms and condition of financing are provided in the table below:

	FOREIGN FINANCING
Base Rate	3 M LIBOR (0.60)
Spread	4.50 %
Total Rate	5.10
Repayment Period	13
Repayment Basis	Quarterly

	LOCAL FINANCING
Base Rate	3 M KIBOR (6.0)
Spread	2.50 %
Total Rate	8.50
Repayment Period	13
Repayment Basis	Quarterly



Sponsors are planning to inject 25% equity into the Project. The financing structure of 75:25 debt: equity might change later on based on mutual arrangement between Banks and Sponsors.

7.2. Return on Equity (ROE), ROE during Construction

The Return on Equity ("ROE") and Return on Equity during Construction ("ROEDC") have been clubbed together and are provided under Section 9.

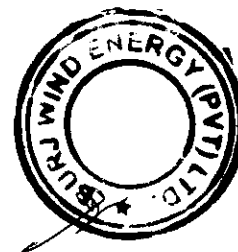
Project Company hereby requests:

- a. ROE of 15% (IRR based) return on invested equity net of withholding tax.
- b. ROEDC at a rate of 15% over the remaining life of the Project.

It is pertinent to highlight that the withholding tax component has not been identified as a separate line item in the tariff as the same is assumed to be paid on all equity components i.e. ROE and ROEDC, at actual as a pass-through item under the tariff.

7.3. Carbon Credits

Wind Power is a clean form of energy and will reduce CO2 emission. BWEPL intends to register for CDM emission reduction program. In case any income is generated from CDM, the same shall be shared in accordance GoPs prevailing policy.



8. Operations Cost

The operational cost of the Project comprises of the operations and maintenance cost, and the cost of the operational period insurances to be taken out by the Project Company. Break-up of the same is provided hereunder:

	USD IN MILLION (PER ANNUM)
TOTAL O&M COST	0.67

8.1. O&M Costs

This component caters for the cost of services rendered by the O&M operator that are dependent on the operation of the Project thereby determinable on a kWh basis. This component also includes costs expected to be incurred by the project locally; these include costs associated with local staff, administrative expenses, corporate fees, audit fees, advisory fees etc. This component also includes cost associated with replacement of parts necessitated due to regular operation / normal wear and tear. The O&M cost will be incurred in local as well as foreign currency – percentage of local: foreign components is specified below along with indexations applicable on the same:

SUB-COMPONENT	PERCENTAGE	INDEXATION
LOCAL	50 %	<ul style="list-style-type: none"> • Pakistan CPI (General)
FOREIGN	50 %	<ul style="list-style-type: none"> • US CPI (All Urban Consumers) • PKR / USD Indexation

8.2. Insurance Cost

The insurance cost consists of operations all risk insurance for the project, as well as business-interruption insurance; these are standard insurances required by all lenders' and also set out under the EPA.

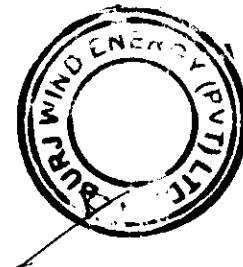
Aforementioned insurances are required to be maintained throughout the life of the Project. Since the Pakistan Insurance/Reinsurance industry does not have sufficient capacity and



expertise to manage such huge risks entirely, therefore this risk is required to be insured/reinsured internationally. The risks' to be covered through insurance will include machinery breakdown, natural calamities (like earthquake, floods, etc.), sabotage and consequential business interruption, etc.

	USD IN MILLION (PER ANNUM)
INSURANCE COST	0.097

BWEPL has requested that an annual insurance cost at a rate of US\$ 0.097 Million/annum of the EPC cost be allowed.



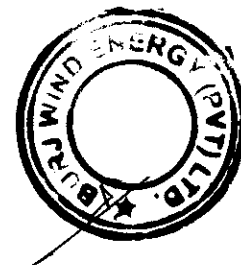
9. Reference Tariff

As the Project is 75 % debt funded with loan tenure of 13 years for repayment, this means that there will be higher debt service cost requirements in the first 13 years of the Project. In the last 12 years of the Project, the tariff will be decreased due to no debt service related costs.

The proposed tariff is for the life of the Project i.e. term of the EPA, to be signed with the Purchaser, which is 25 years from COD. The tariff is divided into two (02) bands i.e. year 1 – 13 and year 14 – 25 to cover the variations due to the debt repayment period.

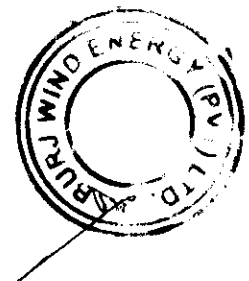
A summarized Reference Generation Tariff table setting out the two bands is provided below:

Years	PKR/KWH	
	1 – 13	14 – 25
O&M	1.4265	1.4265
INSURANCE	0.2055	0.2055
ROE	2.4687	2.4687
DEBT SERVICING	5.1311	-
TOTAL	9.2318	4.1007



9.1. Reference Generation Tariff

Year	Variable O&M	Insurance	Return on Equity	Principal	Mark-up	Tariff	
						PKR/kWh	Cents/kWh
1	1.4265	0.2055	2.4687	2.1965	2.9346	9.2318	8.7922
2	1.4265	0.2055	2.4687	2.3454	2.7857	9.2318	8.7922
3	1.4265	0.2055	2.4687	2.5051	2.6260	9.2318	8.7922
4	1.4265	0.2055	2.4687	2.6764	2.4547	9.2318	8.7922
5	1.4265	0.2055	2.4687	2.8603	2.2708	9.2318	8.7922
6	1.4265	0.2055	2.4687	3.0576	2.0735	9.2318	8.7922
7	1.4265	0.2055	2.4687	3.2695	1.8616	9.2318	8.7922
8	1.4265	0.2055	2.4687	3.4970	1.6341	9.2318	8.7922
9	1.4265	0.2055	2.4687	3.7414	1.3897	9.2318	8.7922
10	1.4265	0.2055	2.4687	4.0040	1.1271	9.2318	8.7922
11	1.4265	0.2055	2.4687	4.2862	0.8449	9.2318	8.7922
12	1.4265	0.2055	2.4687	4.5896	0.5415	9.2318	8.7922
13	1.4265	0.2055	2.4687	4.9158	0.2153	9.2318	8.7922
14	1.4265	0.2055	2.4687	0.0000	0.0000	4.1007	3.9054
15	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
16	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
17	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
18	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
19	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
20	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
21	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
22	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
23	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
24	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
25	1.4265	0.2055	2.4687	-	-	4.1007	3.9054
Levelised Tariff						8.1161	7.7297

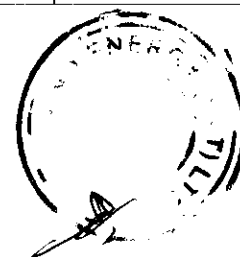




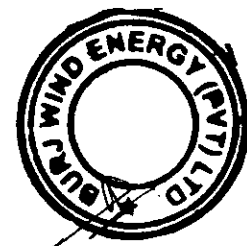
9.2. Reference Debt Servicing Schedule

Local Finance Facility Drawdown

Year	Opening	Principal	Interest	Installment	Closing	Principal Component	Interest Component
1	10,397,137	111,334	220,939	332,273	10,285,803	0.9716	1.8372
2	10,285,803	113,700	218,573	332,273	10,172,103		
3	10,172,103	116,116	216,157	332,273	10,055,987		
4	10,055,987	118,583	213,690	332,273	9,937,404		
5	9,937,404	121,103	211,170	332,273	9,816,300	1.0568	1.7520
6	9,816,300	123,677	208,596	332,273	9,692,624		
7	9,692,624	126,305	205,968	332,273	9,566,319		
8	9,566,319	128,989	203,284	332,273	9,437,330		
9	9,437,330	131,730	200,543	332,273	9,305,600	1.1495	1.6592
10	9,305,600	134,529	197,744	332,273	9,171,071		
11	9,171,071	137,388	194,885	332,273	9,033,683		
12	9,033,683	140,307	191,966	332,273	8,893,376		
13	8,893,376	143,289	188,984	332,273	8,750,087	1.2504	1.5584
14	8,750,087	146,334	185,939	332,273	8,603,753		
15	8,603,753	149,443	182,830	332,273	8,454,310		
16	8,454,310	152,619	179,654	332,273	8,301,691		
17	8,301,691	155,862	176,411	332,273	8,145,829	1.3601	1.4487
18	8,145,829	159,174	173,099	332,273	7,986,655		



19	7,986,655	162,557	169,716	332,273	7,824,098	1.4795	1.3293
20	7,824,098	166,011	166,262	332,273	7,658,087		
21	7,658,087	169,539	162,734	332,273	7,488,548		
22	7,488,548	173,141	159,132	332,273	7,315,407		
23	7,315,407	176,821	155,452	332,273	7,138,586		
24	7,138,586	180,578	151,695	332,273	6,958,008	1.6093	1.1995
25	6,958,008	184,415	147,858	332,273	6,773,593		
26	6,773,593	188,334	143,939	332,273	6,585,258		
27	6,585,258	192,336	139,937	332,273	6,392,922		
28	6,392,922	196,423	135,850	332,273	6,196,499		
29	6,196,499	200,597	131,676	332,273	5,995,901	1.7505	1.0583
30	5,995,901	204,860	127,413	332,273	5,791,041		
31	5,791,041	209,213	123,060	332,273	5,581,827		
32	5,581,827	213,659	118,614	332,273	5,368,168		
33	5,368,168	218,200	114,074	332,273	5,149,969		
34	5,149,969	222,836	109,437	332,273	4,927,132	1.9041	0.9047
35	4,927,132	227,572	104,702	332,273	4,699,561		
36	4,699,561	232,407	99,866	332,273	4,467,153		
37	4,467,153	237,346	94,927	332,273	4,229,807		
38	4,229,807	242,390	89,883	332,273	3,987,418		
39	3,987,418	247,540	84,733	332,273	3,739,877	2.0712	0.7376
40	3,739,877	252,801	79,472	332,273	3,487,077		

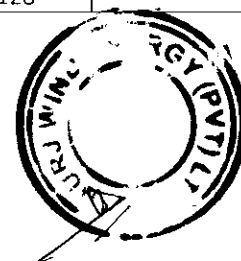


41	3,487,077	258,173	74,100	332,273	3,228,904	2.2530	0.5558
42	3,228,904	263,659	68,614	332,273	2,965,245		
43	2,965,245	269,262	63,011	332,273	2,695,983		
44	2,695,983	274,983	57,290	332,273	2,421,000		
45	2,421,000	280,827	51,446	332,273	2,140,173	2.4506	0.3581
46	2,140,173	286,794	45,479	332,273	1,853,379		
47	1,853,379	292,889	39,384	332,273	1,560,490		
48	1,560,490	299,113	33,160	332,273	1,261,377		
49	1,261,377	305,469	26,804	332,273	955,908	2.6657	0.1431
50	955,908	311,960	20,313	332,273	643,948		
51	643,948	318,589	13,684	332,273	325,359		
52	325,359	325,359	6,914	332,273	(0)		
53	-	-	-	-	-		
54	-	-	-	-	-		
55	-	-	-	-	-		
56	-	-	-	-	-		
57	-	-	-	-	-		
58	-	-	-	-	-		
59	-	-	-	-	-		
60	-	-	-	-	-		

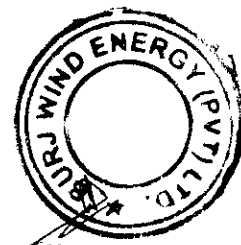


Foreign Finance Facility Drawdown

Year	Opening	Principal	Interest	Instalment	Closing	Principal Component	Interest Component
1	10,397,137	142,161	132,563	274,724	10,254,976	1.2249	1.0974
2	10,254,976	143,973	130,751	274,724	10,111,002		
3	10,111,002	145,809	128,915	274,724	9,965,193		
4	9,965,193	147,668	127,056	274,724	9,817,525		
5	9,817,525	149,551	125,173	274,724	9,667,974	1.2886	1.0337
6	9,667,974	151,458	123,267	274,724	9,516,516		
7	9,516,516	153,389	121,336	274,724	9,363,128		
8	9,363,128	155,344	119,380	274,724	9,207,783		
9	9,207,783	157,325	117,399	274,724	9,050,458	1.3556	0.9668
10	9,050,458	159,331	115,393	274,724	8,891,127		
11	8,891,127	161,362	113,362	274,724	8,729,765		
12	8,729,765	163,420	111,304	274,724	8,566,345		
13	8,566,345	165,503	109,221	274,724	8,400,841	1.4260	0.8963
14	8,400,841	167,614	107,111	274,724	8,233,228		
15	8,233,228	169,751	104,974	274,724	8,063,477		
16	8,063,477	171,915	102,809	274,724	7,891,562		
17	7,891,562	174,107	100,617	274,724	7,717,455	1.5002	0.8222
18	7,717,455	176,327	98,398	274,724	7,541,128		



19	7,541,128	178,575	96,149	274,724	7,362,553		
20	7,362,553	180,852	93,873	274,724	7,181,701		
21	7,181,701	183,158	91,567	274,724	6,998,544	1.5781	0.7442
22	6,998,544	185,493	89,231	274,724	6,813,051		
23	6,813,051	187,858	86,866	274,724	6,625,193		
24	6,625,193	190,253	84,471	274,724	6,434,939		
25	6,434,939	192,679	82,045	274,724	6,242,261		
26	6,242,261	195,136	79,589	274,724	6,047,125	1.6602	0.6621
27	6,047,125	197,624	77,101	274,724	5,849,502		
28	5,849,502	200,143	74,581	274,724	5,649,358		
29	5,649,358	202,695	72,029	274,724	5,446,663	1.7465	0.5758
30	5,446,663	205,279	69,445	274,724	5,241,384		
31	5,241,384	207,897	66,828	274,724	5,033,487		
32	5,033,487	210,547	64,177	274,724	4,822,940		
33	4,822,940	213,232	61,492	274,724	4,609,708	1.8373	0.4850
34	4,609,708	215,951	58,774	274,724	4,393,757		
35	4,393,757	218,704	56,020	274,724	4,175,053		
36	4,175,053	221,492	53,232	274,724	3,953,561		
37	3,953,561	224,316	50,408	274,724	3,729,244	1.9328	0.3895
38	3,729,244	227,176	47,548	274,724	3,502,068		
39	3,502,068	230,073	44,651	274,724	3,271,995		
40	3,271,995	233,006	41,718	274,724	3,038,989		



41	3,038,989	235,977	38,747	274,724	2,803,011	2.0333	0.2891
42	2,803,011	238,986	35,738	274,724	2,564,025		
43	2,564,025	242,033	32,691	274,724	2,321,992		
44	2,321,992	245,119	29,605	274,724	2,076,873		
45	2,076,873	248,244	26,480	274,724	1,828,629	2.1389	0.1834
46	1,828,629	251,409	23,315	274,724	1,577,220		
47	1,577,220	254,615	20,110	274,724	1,322,605		
48	1,322,605	257,861	16,863	274,724	1,064,744		
49	1,064,744	261,149	13,575	274,724	803,595	2.2501	0.0722
50	803,595	264,479	10,246	274,724	539,116		
51	539,116	267,851	6,874	274,724	271,266		
52	271,266	271,266	3,459	274,724	0		
53	0	(0)	0	-	0	(0.0000)	0.0000
54	0	(0)	0	-	0		
55	0	(0)	0	-	0		
56	0	(0)	0	-	0		
57	0	(0)	0	-	0	(0.0000)	0.0000
58	0	(0)	0	-	0		
59	0	(0)	0	-	0		
60	0	(0)	0	-	0		



10. Indexation & Adjustments

10.1. Indexations

It is submitted that indexations be made on 1st January, 1st April, 1st July and 1st October respectively, on the basis of latest information available with respect to Consumer Price Index (CPI) (General), as notified by Pakistan Bureau of Statistics, US CPI (for all Urban-consumer) as notified by US Bureau of Labor Statistics and exchange rate as notified by National Bank of Pakistan.

10.1.1. Foreign O&M Cost Component

The Reference Foreign O&M Cost Component of the O&M Cost shall be quarterly indexed to both:

- (a) the USD/PKR exchange rate, based on the revised TT & OD selling rate of USD as notified by the National Bank of Pakistan; and
- (b) US CPI (for all Urban-consumer), as issued by the US Bureau of Labor Statistics.

The applicable formula shall be as follows:

$$O\&M_{(FRev)} = \text{Relevant Reference Generation Tariff Component} *$$

$$\left(\frac{US\ CPI_{(Rev)}}{US\ CPI_{(Ref)}} \right) * \left(\frac{FX\ USD_{(Rev)}}{FX\ USD_{(Ref)}} \right)$$

Where:

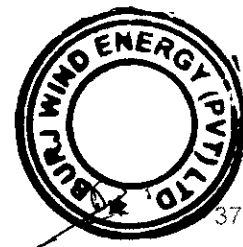
$O\&M_{(FRev)}$ = the revised Foreign O&M Cost

Component applicable for the relevant quarter

$US\ CPI_{(Rev)}$ = the revised US CPI (for all Urban-consumers) for the month prior to the month in which indexation is applicable, as issued by the US Bureau of Labor Statistics

$US\ CPI_{(Ref)}$ = the US CPI (for all Urban-consumers) for the relevant month, as issued by the US Bureau of Labor Statistics.

$FX\ USD_{(Rev)}$ = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.



FX USD_(Ref) = Reference TT & OO selling rate of PKR/USD, of PKR 105 for USO 1

10.1.2. Local O&M Cost Component

The Reference Local O&M Cost Component of the O&M Cost shall be quarterly indexed to the CPI (General) in Pakistan, as notified by the Pakistan Bureau of Statistics based on the following formula:

$$\text{O\&M}_{(LRev)} = \text{Relevant Reference Generation Tariff Component} *$$

$$\left(\frac{\text{CPI}_{(Rev)}}{\text{CPI}_{(Ref)}} \right)$$

Where:

O&M_(LRev) = the revised Local O&M Cost Component applicable for the relevant quarter

CPI_(Rev) = the revised CPI (General) in Pakistan for the month prior to the month in which indexation is applicable, as notified by the Federal Bureau of Statistics.

CPI_(Ref) = the CPI (General) in Pakistan for the relevant month as notified by the Federal Bureau of Statistics.

10.1.3. Insurance Cost

The Reference Insurance Cost Component shall be annually indexed to USO/PKR exchange rate, based on the revised TT & OD selling rate of USD notified by the National Bank of Pakistan.

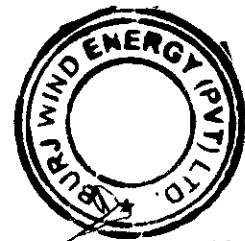
10.1.4. Indexation Formula

The indexation of the Insurance Cost Component shall be based on the following formula:

$$\text{Insurance}_{(Rev)} = \text{Relevant Reference Generation Tariff Component} *$$

$$\left(\frac{\text{FX USD}_{(Rev)}}{\text{FX USD}_{(Ref)}} \right)$$

Where:





Insurance_(Rev) = the revised Insurance Cost Component applicable for the relevant year

FX USD_(Rev) = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

FX USD_(Ref) = Reference TT & OD selling rate of PKR/USD, of PKR 105 for USD 1

10.1.5. Return on Equity and Return on Equity During Construction

In line with NEPRA's previous determinations, the ROE and ROEDC for the Reference Generation Tariff shall be quarterly indexed to the USD/PKR exchange rate, based on the revised TT & OD selling rate of USD notified by the National Bank of Pakistan.

The applicable formula shall be as follows:

$$\boxed{ROE_{(Rev)}} = \boxed{\text{Relevant Reference Generation Tariff Component}^*}$$

$$\boxed{\left(\frac{FX USD_{(Rev)}}{FX USD_{(Ref)}} \right)}$$

Where:

ROE_(Rev) = the revised ROE component applicable for the relevant quarter

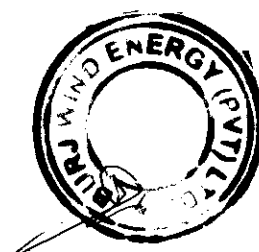
FX USD_(Rev) = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

FX USD_(Ref) = Reference TT & OD selling rate of PKR/USD, of PKR 105 for USD 1

10.1.6. Debt Component

Local Debt

The principal and interest component of Local loan will remain unchanged throughout the term except for the adjustment due to variation in 3 months KIBOR, while spread of 2.50% on KIBOR remaining the same, according to the following formula:



$$\Delta I = P_{(Rev)} * (KIBOR_{(Rev)} - 6\%)/4$$

Where:

ΔI = the variation in interest charges applicable corresponding to variation in 3 month KIBOR. ΔI can be positive or negative depending upon whether $KIBOR_{(Rev)} >$ or $<$ 6%. The interest payment obligation will be enhanced or reduced to the extent of ΔI for each period under adjustment applicable on bi-annual basis.

$P_{(Rev)}$ = the outstanding principal on a quarterly basis at the relevant calculation dates.

Foreign Debt

The principal and interest component of foreign loan will remain unchanged throughout the term except for the adjustment due to variation in 3 months LIBOR, while spread of 4.50% on LIBOR remaining the same, according to the following formula:

$$\Delta I = P_{(Rev)} * (LIBOR_{(Rev)} - 0.6\%)/4$$

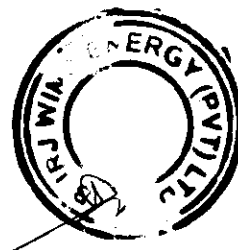
Where:

ΔI = the variation in interest charges applicable corresponding to variation in 3 month LIBOR. ΔI can be positive or negative depending upon whether $LIBOR_{(Rev)} >$ or $<$ 0.6%. The interest payment obligation will be enhanced or reduced to the extent of ΔI for each period under adjustment applicable on bi-annual basis.

$P_{(Rev)}$ = the outstanding principal on a quarterly basis at the relevant calculation dates.

10.2. Non Project Missed Volume (NPMV)

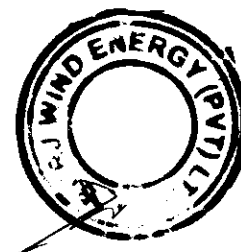
The Petitioner expects that the Non-Project Missed Volume (NPMV) shall be paid by Power Purchaser on the basis of actual generation missed by the Project Company due to the occurrence of a non-project event (NPE). Given the sophisticated SCADA systems and forecasting tools, missed generation can be accurately determined without human



intervention; therefore, the same should be compensated at actual – we believe that the aforementioned mechanism is the only fair method which ensures neither party (Project Company or Power Purchaser) are unduly burdened / penalized due to occurrence of the NPE.

10.3. Energy Sale Prior to COD

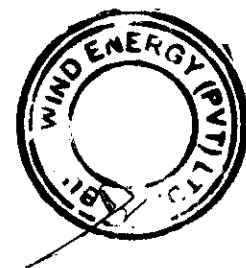
The pricing and payment mechanism for pre-COD sale of electricity to Power Purchaser shall be negotiated and settled between the Company and Power Purchaser.



10.4. Adjustments

The Project Company requests NEPRA to allow adjustment to the total Project Cost for the following items forming part of Project Cost:

- (a) The Principal Repayment and cost of debt be adjusted at COD as per the actual borrowing composition;
- (b) Interest During Construction be adjusted as per actual based on actual disbursement of loans and prevailing LIBOR and KIBOR rates during the Project construction period;
- (c) The specific items of Project Cost to be incurred in foreign currency (US\$) be adjusted at COD based on the PKR / US\$ exchange rate prevailing on the date the transaction was carried out;
- (d) Customs duty and other taxes (including SIDS) be adjusted/allowed as per actual;
- (e) Any negative financial implications resulting from changes in tax rates, duties etc. and currently applicable sales tax structure may kindly be adjusted in the Project Cost.
- (f) Pre-COD Insurance Cost be adjusted at actual subject to a cap of 1.0% of the EPC cost in line with earlier tariff determinations by NEPRA for other IPPs.
- (g) Return on Equity be adjusted at COD in order to ensure an IRR based return of 15% on equity (while treating the project as a Build-Own-Operate type project).
- (h) ROEDC is to be allowed at the time of COD, as true-up adjustment, based on actual equity injections to the BWEPL by the Project Sponsors.

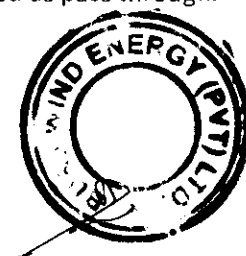


11. Pass Through Items & Tariff Assumptions

11.1. Pass Through Items

Authority is requested to allow following cost components as pass-through to BWEPL on the basis of actual costs incurred by Project Company or obligated to be paid in relation to the Project pursuant to Laws of Pakistan.

- a) No provision of income tax has been provided for in the tariff. If the Project Company is obligated to pay any type of tax, the same should be allowed to the Project Company as pass through.
- b) No withholding tax on dividend has been included in the tariff. Authority is requested to allow payment of withholding tax on dividend as pass through at the time of actual payment of dividend.
- c) The payments to Workers Welfare Fund and Workers Profit Participation Fund have not been accounted for in the Project budget and have been assumed to be reimbursed as pass through at actual by the power purchaser.
- d) Zakat deduction on dividends as required under Zakat Ordinance is considered as a pass through;
- e) No tax on income of BWEPL (including proceeds against sale of electricity to CPPA-G) has been assumed. Corporate tax, turn over tax, general sales tax / provincial sales tax and all other taxes, excise duty, levies, fees etc. by any federal / provincial entity including local bodies as and when imposed, shall be treated as a pass through item;
- f) No hedging cost is assumed for exchange rate fluctuations during construction and all cost overruns resulting from variations in the exchange rate during construction shall be allowed as pass through;
- g) Any costs incurred by Project Company, which are required to be incurred by Power Purchaser pursuant to provisions of EPA shall also be treated as pass through.



h) any other taxes and charges that constitute as part of the Project Cost for construction period and operation period shall be treated as pass through.

11.2. Assumptions

The proposed Reference Tariff is based on the following assumptions. A change in any of these assumptions will necessitate a corresponding adjustment in the Reference Tariff:

a) Debt for the Project will be sourced from foreign and local financial institutions in equal proportion. Exact composition of debt will be finalized prior to financial close; adjustment against the same will be requested at the time of COD;

b) An exchange rate of PKR 105 /USD has been assumed. Indexation against PKR / USD variations will be permitted for debt servicing payments and all other project costs denominated in foreign currency. Tariff components shall be respectively indexed for exchange rate variations as discussed in Section 10;

c) The timing of drawdown of debt and equity may vary from those specified in this Petition; as such, the Project Cost will be adjusted on the basis of actual IDC at COD. Similarly, ROE component will also be updated in the Reference Tariff to reflect change in ROEDC;

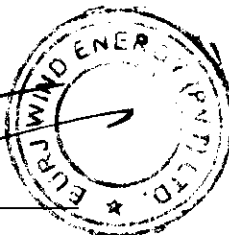

d) Similarly, adjustments in Project Cost due to variation in PKR / USD variations and KIBOR fluctuations will also be catered for at the time of COD;

e) Taxes and Custom duties on the import of plant and equipment will be adjusted as per actual payment at COD;

f) Withholding tax at 8% on supplies and Onshore Contract, which is the base date stipulated in bidding document pursuant to the Onshore Contract have been catered for under the Project Cost. No withholding tax is anticipated on the Offshore Contract. In case there is any change in taxes etc., or additional taxes, fees, excise duty, levies, etc. are imposed, the EPC cost and ultimately the Project cost and the Reference Tariff will need to be adjusted accordingly;



- g) The power purchaser will compensate for energy delivered to the power purchaser prior to COD. For this purpose Energy Purchase Price shall be paid for all energy delivered prior to COD. Payments will be invoiced to the power purchaser as per mechanism specified in the EPA;
- h) The power purchaser shall be solely responsible for the financing, engineering, procurement, construction, testing and commissioning of the interconnection and transmission facilities up till the Project gantry point. Said facilities will be made available to the Project at least on or before the deadline set out in the EPA. Furthermore, the power purchaser will be solely responsible for operation and maintenance of the said interconnection and transmission facilities;
- i) Project contingency and maintenance reserves are not included in Reference Tariff calculations. If required by lenders, these will be adjusted accordingly in the Reference Tariff;
- j) In case of any unintentional error or omissions, typographic errors, and any genuine assumption being overlooked, the same will be corrected/incorporated and advised to NEPRA as soon as the Project Company becomes aware of it;
- k) Any additional indexation or concession allowed by the GOP, NEPRA or any other Govt. entity to any IPP will be allowed to BWEPL without any discrimination.



Saleem uz Zaman
Chief Executive Officer
Burj Wind Energy (Private) Limited
Dated: 31.05.2018