



**NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED**

Ministry of Energy (Power Division), Government of Pakistan  
Malik Plaza, 2<sup>nd</sup> Floor, 7-C/1, M.M. Alam Road, Gulberg III, Lahore

November 29, 2019

No. NPPMCL- Balloki/CEO/2019/15690

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

Subject: REVIEW UNDER SECTION 7(2)(G) OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 (THE "NEPRA ACT"), READ WITH RULE 16(6) OF THE NEPRA (TARIFF STANDARDS AND PROCEDURE) RULES, 1998 (THE "TARIFF RULES") AND REGULATION 3(2) OF THE NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 (THE "REVIEW REGULATIONS"), OF NEPRA'S DECISION DATED 19-11-2019, RECEIVED ON 21-11-2019, PERTAINING TO MODIFICATION OF TARIFF FOR RLNG BASED POWER PLANT AT BALLOKI

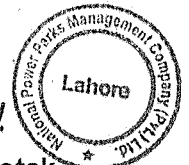
Dear Sir,

Reference is made to NEPRA's Tariff Determination for Modification of Tariff in Case No. NEPRA/TRF-470/NPPMCL-2019/ dated November 19, 2019 whereby the Authority had determined the Tariff Modification of National Power Parks Management Company (Private) Limited (the "Company") for its 1223.106 MW (Gross) RLNG power plant located at Balloki, Kasur.

The Company hereby files Review under Section 7(2)(G) of the NEPRA Act, read with Rule 16(6) of the Tariff Rules and Regulation 3(2) of the Review Regulations, of NEPRA's decision dated 19-11-2019, pertaining to Modification of Tariff for NPPMCL's Power Project located at Balloki for kind consideration and decision of the Authority.

Pay Order No.02444773 of Rs. 1,000/- against the fee for modification of Tariff Petition is attached herewith.

Regards,



**Dhanpat Kotak**  
Chief Executive Officer

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BEFORE

THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY  
(NEPRA)

IN THE MATTER OF:

CASE No. NEPRA/TRF-470/NPPMCL-2019

REVIEW UNDER SECTION 7(2)(G) OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 (THE "NEPRA ACT"), READ WITH RULE 16(6) OF THE NEPRA (TARIFF STANDARDS AND PROCEDURE) RULES, 1998 (THE "TARIFF RULES") AND REGULATION 3(2) OF THE NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 (THE "REVIEW REGULATIONS"), OF NEPRA'S DECISION DATED 19-11-2019, RECEIVED ON 21-11-2019, PERTAINING TO MODIFICATION OF TARIFF FOR RLNG BASED POWER PLANT AT BALLOKI

ON BEHALF OF

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED (NPPMCL /  
PETITIONER)

DATED: NOVEMBER 29, 2019



## Table of Contents

|   |    |
|---|----|
| A. Review .....   | 3  |
| I. Summary and Background .....                                       | 3  |
| II. Cost Components and Grounds .....                                 | 4  |
| a. Insurance Cost During Operations .....                             | 4  |
| b. Escrow Account .....   | 7  |
| c. Site Housing Complex .....   | 8  |
| d. Testing and Commissioning Cost .....                               | 9  |
| e. Miscellaneous Issues – Degradation and Part Load Adjustments ..... | 14 |
| f. Other Grounds .....  | 15 |
| B. Prayer / Request .....   | 16 |

### Annexures:

|               |  |
|---------------|--|
| Annexure – A: | Tariff Petition  |
| Annexure – B: | Tariff Determination   |
| Annexure – C: | Decision dated 24-10-2018  |
| Annexure – D: | Modification Petition  |
| Annexure – E: | Decision dated 18-11-2019  |
| Annexure – F: | Documents pertaining to procuring process for first year operations  |
| Annexure – G: | Documents pertaining to procuring process for second year operations |
| Annexure – H: | Table for Testing and Commissioning Cost                             |
| Annexure – I: | Table for Unrecovered RLNG Cost                                      |
| Annexure – J: | Table for Unrecovered HSD Cost                                       |
| Annexure – K: | Table for Unrecovered Fixed and Variable O&M and LTSA Cost           |
| Annexure – L: | Table for Unrecovered Mark-up and Cost of Funds                      |



**REVIEW UNDER SECTION 7(2)(G) OF THE NEPRA ACT, READ WITH RULE 16(6) OF THE TARIFF RULES AND REGULATION 3(2) OF THE REVIEW REGULATIONS, OF NEPRA'S DECISION DATED 19-11-2019, RECEIVED ON 21-11-2019, PERTAINING TO MODIFICATION OF TARIFF FOR NPPMCL'S POWER PROJECT LOCATED AT BALLOKI**

**A. Review**

**I. Summary and Background**

1. NPPMCL is a private limited company, owned by the Federal Government, incorporated in the year 2015 under the Companies Ordinance, 1984. For the purposes of this review (the "**Review**"), NPPMCL has set up a 1223 MW (gross) RLNG power plant located at Balloki, Kasur.
2. As a brief background, it is submitted that NPPMCL had filed its cost-plus Reference Generation Tariff petition on 22-04-2016 (the "**Tariff Petition**"). NEPRA gave its determination on the same on 09-08-2016 (the "**Determination**"). Thereafter, certain aspects of the Determination relating to post-synchronization testing were revisited by NEPRA through suo moto proceedings, culminating in its decision dated 24-10-2018.

[Copy of the Tariff Petition, Determination and the decision dated 24-10-2018 are attached as **Annexure – A, B and C** respectively]

3. That thereafter, on 24-05-2019, NPPMCL filed a petition for modification of the Determination (the "**Modification Petition**"). Through the Modification Petition, NPPMCL requested for modification of various decisions of NEPRA pertaining to NPPMCL's tariff. Vide decision dated 19-11-2019 (the "**Decision**"), served on and received by NPPMCL on 21-11-2019, NEPRA was pleased to allow and incorporate some of the modifications requested by NPPMCL. However, NEPRA also disallowed certain costs / modifications.

[Copy of Modification Petition and Decision are attached as **Annexure – D and E** respectively]



4. The Review is being filed on behalf of NPPMCL to request NEPRA to review its decisions and findings vis-à-vis certain components that were requested in the Modification Petition but have not been allowed in the Decision, and other directions given by NEPRA in the Decision, as particularized in paragraph no.5 below. The Review is being instituted under section 7(2)(g) of the NEPRA Act, read with Rule 16(6) of the Tariff Rules and Regulation 3(2) of the Review Regulations.

## **II. Cost Components and Grounds**

5. NPPMCL seeks review of NEPRA's decisions on the following matters:
- a. Modification of cost of Insurance During Operations, which has also not been allowed by NEPRA, as evident from Paragraph 8.84 of the Decision;
  - b. Consideration of mechanism for adjustment of 'Gas Supply Deposit' during the operations period vis-à-vis Escrow Account and Standby Letter of Credit, in light of observations of NEPRA in Paragraph 8.101 of the Decision;
  - c. Adjustment date for cost of Site Housing Complex and imposition of penalty, as determined by NEPRA in Paragraph 8.105 of the Decision;
  - d. Modification of Testing and Commissioning Cost, which has not been allowed by NEPRA, as evident from Paragraph 8.58 of the Decision; and
  - e. Observation of NEPRA regarding degradation and part load adjustments in Paragraph 8.114 of the Decision, which were not part of the Modification Petition.
6. NPPMCL requests that the aforementioned decisions may be reviewed, *inter alia*, on the following grounds:

### **a. Insurance Cost During Operations**

7. Through the Modification Petition, NPPMCL had requested NEPRA to either: (i) allow the actual cost of insurance premium paid during the operations period; or (ii) to enhance the cap



to 2% of the EPC cost from 1% of EPC cost earlier determined. However, NEPRA has refused the request of NPPMCL for reasons stated in paragraphs 8.82 to 8.84 of the Decision.

8. It is humbly submitted that NEPRA's decision is liable to be reviewed, as it does not give due consideration to the cogent submissions of NPPMCL in support of its request.
9. Under the PPA, NPPMCL is obligated to procure and have in place, at all times during the operations phase, the following insurances:
  - a. Operations All Risk Insurance, including property damage and business interruption;
  - b. Political violence / terrorism; and
  - c. Third Party Liability.
10. It is submitted that the primary law governing insurance in Pakistan is the Insurance Ordinance, 2000 (the "**Insurance Ordinance**"). Section 166 of the Insurance Ordinance deals with insurance of public property, and sub-section (3) thereof provides that all insurance business relating to public property (which term includes the Balloki project) shall be placed only with the National Insurance Company Limited ("**NICL**"). The only exceptions to the same are provided in sub-section (4) and (5) of section 166. Sub-section (4) gives the Federal Government the authority to exempt a particular property. Sub-section (5) provides that if NICL declares in writing that it is unable to enter into a contract of insurance, then the proposed insurance may be exempt from the provisions of sub-section (3). Sub-section (6) clearly provides that non-compliance with section 166 of the Insurance Ordinance is an offence.
11. It is in compliance with the aforementioned framework that NPPMCL has obtained insurance for the operational phase. For the first year of operations, NICL was able to place Political Violence and Third Party Liability insurance for NPPMCL, amounting to an aggregate of US\$ 0.227 Million. However, NICL informed NPPMCL in writing (as per Section 166(5) of the Insurance Ordinance) that it was unable to place the Operations All Risk insurance. Thereafter, NPPMCL conducted a procurement process pursuant to the Public Procurement Rules 2004 (the "**2004 Rules**") for the same. However, due to time constraints, a negotiated



tendering process was undertaken in terms of the 2004 Rules, which is only allowed under specific circumstances (including extreme urgency). Negotiated tendering took place with the most renowned insurance companies in Pakistan. The lowest bid received by NPPMCL was US\$ 7.02 Million. After following the process for negotiated tendering, the insurance cost came to US\$ 6.01 Million. The total cost of all insurance during operations for the first year aggregated US\$ 6.236 Million, which comes to 1.11% of the EPC Cost. Documents in support of the above are attached as **Annexure – F**.

12. For the second year of operations, NPPMCL again approached NICL in accordance with the law. NICL was able to place all three insurances, i.e. Operations All Risk, Political Violence and Third Party Liability insurance for NPPMCL. The total cost of such insurance for the second year was an aggregate of US\$ 9.278 Million, which came to 1.65% of the EPC Cost. It is pertinent to note that the process for arranging insurance through NICL is also based on competitive bidding processes. Documents in support of the above are attached as **Annexure – G**.
13. In view of the foregoing, it is respectfully submitted that the above costs are prudently incurred actual costs, and have been arrived at after competitive procurement processes being undertaken. Therefore, it is submitted that NEPRA's direction in paragraph 8.84 that NPPMCL should carry out competitive bidding is already being complied with.
14. Even otherwise, it is submitted that NPPMCL is bound by law to comply with Section 166 of the Insurance Ordinance, and as per sub-section (4) thereof, only the Federal Government can exempt a particular property from the requirements contained therein. The Insurance Ordinance is a special law governing insurance business in Pakistan and contains a special provision dealing with insurance of public property.
15. With respect to comparison with another power project, as stated in paragraph 8.83 of the Decision, it is reiterated that the gas turbines installed at the Balloki power plant are latest technology worldwide. These turbines were selected for the project for the benefit of the consumer, keeping in view the high efficiency benchmarks of the same. Therefore, the insurance cost for the same would also be higher, driven by market forces. The other power



project referred to by NEPRA is based on older versions of gas turbines, for which long term data of performance is available in the market. Further, the cost of spares for the older versions is lower. Therefore, the insurance cost of the same is also lower. Hence, it is submitted that NPPMCL's project and projects based on older versions of gas turbines cannot be appropriately compared in this context.

16. In light of the foregoing, it is requested that NEPRA may kindly review its decision, and allow actual insurance cost during operations to NPPMCL, subject to a maximum cap of 2% of the EPC cost.

**b. Escrow Account**

17. Through the Decision, NEPRA was pleased to allow the request of NPPMCL for inclusion of applicable taxes (GST) and adjustment of escrow account with RLNG price, to be determined at the time of COD as a one-time adjustment. However, in the context of allowing adjustment to cost of escrow account during operations, NEPRA noted that a mechanism for such adjustment had not been suggested by NPPMCL. NEPRA observed that as the cost allowed for escrow account is for part of the project cost which is locked at the time of COD, therefore it could not allow adjustment to the cost of escrow account during the operations period.
18. In the above context, it is submitted that under the GSA, NPPMCL is required to have in place at all times a 'Gas Supply Deposit', which is quantified on the basis of 3 months' consumption at 100% load. The Gas Supply Deposit can be in the form of an escrow account, a Standby Letter of Credit (SBLC), or a combination of both. Under the Tariff Determination, a combination of one (01) month's escrow account and two (02) months' SBLC has been allowed.
19. Therefore, NPPMCL proposes and requests that any post-COD variation in RLNG price (including impact of US\$ to PKR indexation) over and above the cost for escrow amount locked at COD, may be allowed in the cost for SBLC. Accordingly, the two months' SBLC will be adjusted for the post-COD differential in escrow account cost as and when applicable.





**c. Site Housing Complex**

20. NEPRA had allowed an amount of US\$6.048 Million (as a maximum cap) for construction of site housing complex, subject to adjustment at the time of COD on actual basis. In the Modification Petition, it was requested that the adjustment may be deferred till completion of construction of the housing complex, when the actual cost incurred would be finalized. However, NEPRA has allowed deferment for a period of two years commencing retrospectively from COD, which is effectively only eight months from the date of the Decision. Further, NEPRA has decided that penalty at the rate of KIBOR + 3% would be imposed in case of delay beyond such period.
21. In this regard, NPPMCL respectfully requests NEPRA to review its decision, and to allow a period of two years from the date of one-time adjustment to be made by NEPRA. It is submitted that the construction cost is a cost that is to be incurred on actual basis within the cap determined by NEPRA. Therefore, no prejudice would be caused if the time for adjustment is deferred in terms of the above. In this respect, it may be noted that the site for housing complex was used for the storage of imported plant equipment, building material, batching plants etc. during the construction phase as the same was adjacent to the plant's location. If separate land was arranged for the same, it would have led to increased costs. Therefore, the site for housing complex was utilized to save costs and to avoid undue burden on the consumer, as a result of which the deferral request has been made.
22. It is further submitted that since NEPRA has retrospectively commenced the 24 month time period from COD, of which over 16 months have effectively passed, the remaining period of 08 months is unrealistic. Therefore, it is in the interest of justice that the deferment period of two years may kindly be calculated from the date of determination of one-time adjustment of tariff by NEPRA.
23. It is also requested that the proposed penalty on NPPMCL may kindly be removed. The imposition of such penalty does not commensurate with any loss or damage that would be suffered by any party. Therefore, it is requested that this decision of NEPRA may kindly be reviewed, and the proposed penalty may kindly be removed. In the alternative, the penalty



may be rationalized so that it does not go beyond the cost of debt allowed to NPPMCL in the Tariff Determination.

**d. Testing and Commissioning Cost**

24. Through the Modification Application, NPPMCL had requested NEPRA to allow Testing and Commissioning Cost of US\$31.59 Million, instead of US\$10.596 Million allowed by NEPRA in the Tariff Determination. However, NEPRA did not allow the incurred costs to NPPMCL, primarily on the ground that information provided by NPPMCL pertaining to successful / unsuccessful tests was inconsistent.
25. It is humbly submitted that NEPRA's findings in Paragraph 8.58 are contrary to the factual position. NPPMCL has included the cost of unsuccessful Reliability Run Test in its claim because although the same was invoiced to the EPC contractor, the EPC Contractor has neither agreed with the claim nor paid the amount to NPPMCL. Therefore, this amount remains unrecovered and is requested to be included in the Testing and Commissioning Cost. Further, after the filing of the Modification Petition, certain amounts earlier claimed for mark-up cost have been adjusted, amounting to approximately US\$1.506 Million. In light of the above, the updated aggregate Testing and Commissioning Cost requested by NPPMCL is US\$ 30.083 Million, which may kindly be allowed by NEPRA. A table detailing breakdown of the Testing and Commissioning Cost is attached as **Annexure – H**.
26. A brief description of the components comprising the Testing and Commissioning Cost is as follows:
- a. Cost of RLNG utilized for testing and commissioning that was not recovered: US\$ 21.35 Million;
  - b. Cost of HSD utilized for testing and commissioning that was not recovered: US\$ 1.74 Million;
  - c. Fixed and Variable O&M and LTSA costs that were paid by NPPMCL and have not been allowed: US\$ 5.48 Million; and



- d. Mark-up cost for arranging financing to make payments for RLNG: US\$ 1.52 Million.

*Unrecovered RLNG cost*

- i. The unrecovered RLNG cost contains the cost of RLNG that was utilized for pre-synchronization testing and commissioning, and cost incurred due to testing on part load for certain periods.
- ii. It is submitted that pre-synchronization, no energy was being supplied to the grid / power purchaser, and therefore, NPPMCL could not invoice for the same. As a result, it is a cost that has been directly incurred by NPPMCL with no other mechanism for recovery.
- iii. Similarly, at various times during testing and commissioning, the complex was tested on Part Load to test and ascertain the Performance Guarantees of the EPC Contractor through Tests on Completion as agreed in the EPC Agreement and Commissioning Tests dictated under the PPA. Such part load operations lead to reduction in efficiency. However, as no Part Load factor or adjustment was allowed or catered for during the testing and commissioning period, the power purchaser only paid invoices against indexed reference tariff (determined by NEPRA on the basis of 41.01% efficiency during simple cycle operations and 61.63% efficiency during combined cycle operations), which did not cater for part load operations during which the efficiency considerably reduces. Consequently, a significant gap exists between the cost of RLNG paid by NPPMCL to the gas supplier and the amount paid to NPPMCL by the power purchaser.
- iv. In support of the above submissions, please find attached a table providing the details of invoices received from the gas supplier, and the amounts charged to the power purchaser along with copies of invoices as **Annexure – I**, from which it is evident that an amount of US\$ 21.35 Million remains unrecovered.



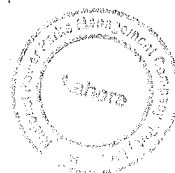
- v. In view of the foregoing, it is requested that the above costs should be allowed by NEPRA and the same be incorporated in the Testing and Commissioning Cost.

*Unrecovered HSD Cost*

- vi. HSD cost of US\$ 1.74 Million also remains unrecovered for the same reasons as detailed in paragraphs (i) to (iii) above, which are reiterated in entirety.
- vii. Additionally, it is submitted that the gas turbines installed at the power plant are new technology worldwide. These turbines were selected for the project for the benefit of the consumer, keeping in view the efficiency benchmarks of the same. However, as the same are relatively new in the market, prudence demands that thorough testing is undertaken on both the primary fuel (RLNG) and back-up fuel (HSD) to ensure that the same are fit for the intended purpose (i.e. safe and reliable operations for a period of thirty years). It is for this reason that NPPMCL carried out all required pre-synchronization and post-synchronization tests on HSD as well to ensure the stability in operations of the gas turbines.
- viii. In light of the above, it is submitted that such prudent costs incurred for testing on HSD, including pre-synchronization tests should be allowed to NPPMCL and the same be incorporated in the Testing and Commissioning Cost. A table containing details of unrecovered HSD cost along with supporting documents is attached as **Annexure – J**.

*Fixed and Variable O&M and LTSA Cost:*

- ix. It is respectfully submitted that both fixed and variable O&M fee, as well as fixed and variable LTSA fee, were paid by NPPMCL during the testing and commissioning phase in terms of the contractual arrangement with the respective contractor. However, the same could not be recovered for certain periods (in particular, the combined cycle testing and commissioning phase), as NPPMCL was only allowed to recover the fuel cost component during such periods. A table



containing details of the unrecovered costs along with supporting documents and invoices is attached as **Annexure – K**.

*Mark-up Cost:*

- x. It is submitted that the Company started receiving invoices for RLNG from the gas supplier from the billing period commencing from 01-07-2017. However, the cost of such RLNG could not be invoiced to CPPA-G prior to Commercial Operations Date GT1, i.e. 13-08-2017. Therefore, for this period, the Company arranged funds from the Working Capital Facility to pay the gas supplier, and incurred cost of funds on the same which remains unrecovered.
- xi. Further, it is submitted that the billing cycles for payment under the GSA and PPA are different. Under the GSA, the gas supplier raises its invoice on a weekly basis, which is payable within three days by NPPMCL. Whereas under the PPA, an invoice is raised on fort-nightly basis which is payable by the 25<sup>th</sup> day. Therefore, there is a significant gap of time during which NPPMCL had to arrange funds and also accrue mark-up on such funds to make timely payment to the gas supplier. Therefore, NPPMCL is entitled to recover such costs which have been prudently incurred by it. In this respect, it is also submitted that this aspect is acknowledged and allowed by NEPRA in its Tariff Determination for the post-COD period as well. Therefore, on the same principle, NEPRA is requested to incorporate the mark-up accrued for the facility arranged for payment to gas supplier during testing and commissioning.
- xii. Furthermore, it is submitted that earlier, NEPRA had not allowed the cost of HSD for testing and commissioning to NPPMCL (which was subsequently partially modified, as detailed in Section I above). Consequently, NPPMCL incurred certain cost of funds for testing and commissioning on HSD, which remain unrecovered.
- xiii. A table detailing the costs incurred in this respect is attached as **Annexure - L**. For the sake of clarity, it is submitted that at the time of submission of the Modification



Petition, this cost had been calculated as US\$ 3.02 Million, which has now been updated to US\$ 1.52 Million after the input of the financial advisors of NPPMCL.

27. From a perusal of the above, it is evident that NPPMCL is only requesting NEPRA to allow costs prudently incurred by it for the purpose of testing and commissioning. It is, therefore, in the interest of justice as well as the dictates of the NEPRA Act that the same may kindly be allowed.
28. It is also submitted that in the Decision, NEPRA has only refused NPPMCL's request on the basis of apparent inconsistency in the information submitted by NPPMCL. However, the inconsistency was not identified, nor NPPMCL was asked to provide any information or documents on any particular aspect. Therefore, the decision of NEPRA fails to provide any reason and is non-speaking to this extent. Be that as it may, NPPMCL has provided detailed information in the foregoing paragraphs in support of its claim for Testing and Commissioning Cost. NPPMCL remains available to provide any further information that may be required by NEPRA. Therefore, even if any inconsistency existed earlier, NEPRA is requested to kindly review its decision in light of the information and documents provided herein, as NEPRA has not disallowed NPPMCL's request on the basis that the request was unjustified in any manner.
29. It is also submitted that the requested cost for Testing and Commissioning is in line with the project costs approved in the PC-1, which has been shared with NEPRA as well. The PC-1 is approved after thorough deliberation at various forums and undergoes circumspect scrutiny. Therefore, it is evident that the prudent costs incurred by NPPMCL are in line with expected costs as well. Furthermore, in its comments vis-à-vis the Modification Petition, the Planning Commission also stated that the cost of testing and commissioning should be given on actual basis.
30. In view of the above submissions, NEPRA is requested to review its earlier decision vis-à-vis Testing and Commissioning Cost and allow an amount of US\$ 30.09 Million as Testing and Commissioning Cost to NPPMCL.



**c. Miscellaneous Issues – Degradation and Part Load Adjustments**

31. During the hearing of the Modification Petition on 28-08-2019, it was learnt that CPPA-G had provided written comments to NEPRA. As per paragraph 8.113 of the Decision, CPPA-G had stated to NEPRA that NPPMCL has been claiming Output Degradation Factor, Heat Rate Degradation Factor and Part Load Adjustment Correction from CPPA-G, and that the Tariff Determination is silent on these matters. Therefore, NEPRA should frame an issue with respect to these adjustment factors and give its decisions on the same.
32. It is submitted that despite NPPMCL's request made at the hearing, the written comments of CPPA-G were never shared with NPPMCL. Therefore, NPPMCL was not given the opportunity to respond or reply to the contentions of CPPA-G. Hence, NEPRA could not have given a decision on the matter.
33. Furthermore, this aspect did not form part of the Modification Petition. Therefore, the same could not be made a part of the Decision as it did not relate to any requests for modification by NPPMCL. If any such request was to be made by a third party, then the same could be done independently. Even otherwise, it is pertinent to note that CPPA-G itself had requested that an issue be framed in this respect, and a decision be taken after input from all stakeholders. However, from a perusal of the Decision, it is evident that NEPRA did not frame any issue for decision or determination in this respect. In the absence of the same, particularly without any input from the NPPMCL which is directly affected from the findings of NEPRA, no decision could have been passed. Therefore, NEPRA's decision in paragraph 8.114 is liable to be reviewed and set aside on this ground alone.
34. Without prejudice to the foregoing, it is respectfully submitted that these matters are all dealt with under the PPA, and is the industry norm. The PPA is executed after due diligence by both parties, and is a freely executed document. Therefore, NPPMCL's submission is that these matters do not, even otherwise, require determination of NEPRA.



35. In paragraph 8.114 of the Decision, NEPRA has held that the adjustments on account of the above factors shall be considered at the time of one-time adjustment at COD stage. On the basis of this observation, CPPA-G has informed NPPMCL that it will not allow any of these factors and associated costs to NPPMCL for future invoices. Needless to say, the impact of the same is devastating. These factors and adjustments are vital to support the financial model and feasibility of the project. If the same are not accounted for and reflected in the financial arrangement between the parties for even a short period, the same could have grave consequences for the viability of the project. In view of the same, it is requested that NEPRA's decision may kindly be reviewed, and it may kindly be held that until such time that any decision is made by NEPRA, the commercial and financial arrangement between the parties under the PPA shall continue to remain applicable.
36. Further, with respect to NEPRA's observation that the adjustments shall be based on correction curves of the Complex specified by the OEM, it is submitted that the OEM cannot provide correction curves for the Complex but only for the gas turbines and ancillary machinery. The correction curves for the Complex, which entail distinct plant and machinery items, can only be provided by the EPC contractor, and the same have also been shared with CPPA-G. Therefore, it is requested that NEPRA may review its decision in view of the above.

**f. Other Grounds**

37. On the basis of the foregoing submissions, NPPMCL requests NEPRA to review its decisions as detailed therein.
38. In this respect, NPPMCL submits that under the law, it is entitled to recovery of all costs prudently incurred. The NEPRA Act provides that tariffs should allow recovery of any and all costs prudently incurred. This is also reflected in Rule 17(3) of the Tariff Rules. It is evident from the foregoing submissions that all modifications requested by NPPMCL are prudent costs, and therefore should be allowed.







39. Under the NEPRA Act, NEPRA is to, *inter alia*, ensure efficient tariff structures for sufficient liquidity in the power market. It is submitted that efficient tariff structures are intrinsically linked to allowing full recovery of costs. Therefore, if the costs identified hereinabove are not allowed, the same would be in violation of the provisions of the NEPRA Act. Further, under the regulatory framework, NEPRA is required to, *inter alia*, protect the interests of companies engaged in the electric power business.
40. NPPMCL reserves the right to raise any further grounds or provide any documents in support of the Review at any appropriate stage in the future.

### **B. Prayer / Request**

In light of the above, it is requested that Decision may kindly be reviewed to the extent of the aspects identified hereinabove, and the modifications requested may kindly be made to the tariff allowed to NPPMCL. It is further requested that a hearing be provided for the purposes of providing detailed submissions, including a session with the professional team of the NEPRA prior to hearing.

NPPMCL / Petitioner

through



**Munawar-us-Salam**  
Advocate Supreme Court of Pakistan



**Usman Akram Sahi**  
Advocate High Court

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