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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-433/PMTC-2018/ *j39/6-21*

June 7, 2023

Subject: Decision of the Authority in the matter of Interim Relief for Indexation of the Relevant Reference Tariff Components of Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC) Transmission Tariff for the Quarter April - June 2023 [Case # NEPRA/TRF-433/PMTC-2018]

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff (Annex-I) (03 Pages) regarding quarterly indexation/adjustment of tariff of Pak Matiari Lahore Transmission Company (Pvt.) Ltd. (PMLTC) for the quarter ending April - June 2023 on account of CPI (General), US CPI, LIBOR and Exchange Rate variation in Case No. NEPRA/TRF-433/PMTC-2018.

2. The decision is being sent to the Federal Government for intimation and action, if any, by the Federal Government under Proviso (ii) of Section 31(7) of NEPRA Act, before its notification by NEPRA pursuant to the said Proviso of Section 31(7) of NEPRA Act, 1997.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat,
Islamabad

Copy to (alongwith copy of subject Decision):

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Managing Director, National Transmission & Despatch Co. Ltd. (NTDC)
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4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
5. Chief Executive Officer, Pak Matiari Lahore Transmission Co (Pvt.) Ltd.
House No. 581, St. No. 17, Z-Block, DHA, Phase-III, Lahore Tele: 092-42-35746855



DECISION OF THE AUTHORITY IN THE MATTER OF INTERIM RELIEF FOR INDEXATION OF THE RELEVANT REFERENCE TARIFF COMPONENTS OF PAK MATIARI-LAHORE TRANSMISSION COMPANY PVT. LIMITED (PMLTC) TRANSMISSION TARIFF FOR THE QUARTER APRIL TO JUNE 2023.

1. Pak Matiari Lahore Transmission Company (Private) Limited ("PMLTC" the "Company") vide letter dated September 22, 2021 informed that it has achieved Commercial Operations Date (COD) on September 01, 2021. PMLTC vide letter dated April 06, 2023 requested the Authority to allow indexation for the quarter April-June 2023 as interim relief.
2. The Authority considered the request of the Company and noticed that the COD adjustment request has been submitted to NEPRA for true-up / adjustment. The Authority further observed that interim relief has already been granted to different licensees which are subject to adjustment based on their final decision. The Authority also observed that the true-up/verification process need considerable time, accordingly keeping in view the aforesaid factors, the Authority decided to grant interim relief to the Company on provisional basis which is subject to the adjustment through COD decision.

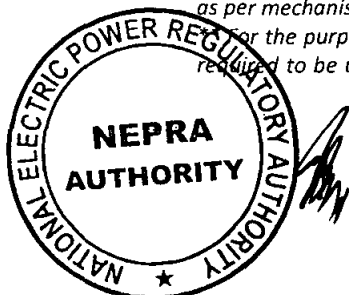
3. Order

- 3.1 Pursuant to the Decision of the Authority dated December 4, 2018 issued in the matter of Matiari Lahore 4000 MW ± 660 KV HVDC Transmission Line Project [Case # NEPRA/TRF-433/PMLTC2018], the tariff of Pak Matiari Lahore Transmission Company (Private) Limited (PMLTC) for the quarter ending April-June 2023 has been revised on account of CPI (General), US CPI, LIBOR and exchange rate variation in accordance with the requisite indexation/adjustment mechanisms stipulated in the above referred decision of the Authority. The revised tariff indicated hereunder shall be immediately applicable:

Transmission Services Charge Components	Reference tariff	Revised Apr-Jun 2023 w.e.f 01.04.2023
Transmission Services Charge	(Rs./kW/Hour)	
Foreign O&M	0.0441	0.1496
Local O&M – ICT	0.0323	0.0420
Local O&M – NTDC	0.0411	0.0534
Land Lease	0.0073	0.0073
Insurance	0.0409	0.0409
Return on Equity	0.1680	0.4572
Return on Equity during Construction	0.0388	0.1056
Loan Repayment	0.3212	0.6981
Interest Charges	0.2015	0.7410
Sinosure	0.0231	0.0231
Total Tariff	0.9183	2.3180
<u>Indexation Values</u>		
Exchange Rate (Rs./USD)	104.40	284.10
US CPI (All Urban Consumers)	241.38	300.840
CPI General – Local – Old Base	207.30	269.270
6 Month LIBOR	1.1442%	5.13886%

* Insurance and Sinosure component is not part of quarterly indexation. Insurance is adjusted annually on actual basis as per mechanism stipulated in the Decision of the Authority. Also Sinosure will be adjusted at COD.

For the purpose of indexation of Local O&M components for July – September 2021 quarter, CPI of May 2021 was required to be used and similarly for April-June 2023 quarter, CPI of February 2023 is required to be used. However,



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Pakistan Bureau of Statistics has discontinued the publication of CPI for base year 2007-08 w.e.f. July 2020 and replaced it with National CPI for new base year 2015-16. As per relevant provision of the TSA, the latest available CPI of June 2020 i.e 269.27 for base year 2007-08 has been used for the instant indexation/adjustment. The indexation of Local O&M components is being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.

*** The Authority vide its decision dated March 10, 2021 replaced CPI Base Year 2007.08 with N-CPI Base Year 2015-16. The decision shall be implemented upon Notification in the Official Gazette.

- 3.2 The indexation allowed to Pak Matiari Lahore Transmission Company (Private) Limited (PMLTC) is purely on provisional basis till finalization of the COD stage tariff adjustments by the Authority or upon outcome of inquiry, if any.
- 3.3 The above referred revised tariff components attached as Annex-I is to be notified in the official gazette, in terms of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

AUTHORITY

Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member

Tauseef H. Farooq
Chairman



Pak Matiari-Lahore Transmission Company Pvt. Limited
Quarterly Indexation/Adjustment of Transmission Services Charge Components

Transmission Services Charge Components	Reference tariff	Revised Apr-Jun 2023 w.e.f 01.04.2023	Indexation
Date of Decisions	December 04, 2018		
Transmission Services Charge	(Rs./kW/Hour)		
Foreign O&M	0.0441	0.1496	PKR/USD, US CPI
Local O&M – ICT	0.0323	0.0420	CPI – General
Local O&M – NTDC	0.0411	0.0534	CPI – General
Land Lease	0.0073	0.0073	Will be adjusted at COD
Insurance	0.0409	0.0409	Will be adjusted at COD
Return on Equity	0.1680	0.4572	PKR/USD
Return on Equity during Construction	0.0388	0.1056	PKR/USD
Loan Repayment	0.3212	0.6981	PKR/USD
Interest Charges	0.2015	0.7410	PKR/USD, LIBOR
Sinosure	0.0231	0.0231	Will be adjusted at COD
Total Tariff	0.9183	2.3180	
Indexation Values			Sources
Exchange Rate (Rs./USD)- Revised Rate of March 31, 2023	104.40	284.10	NBP
US CPI (All Urban Consumers) Revised Value of February 2023	241.38	300.84	US Bureau of Labor Statistics
CPI General – Local- Revised Value of June 2020	207.30	269.270	Pakistan Bureau of Statistics
6 Month LIBOR- Revised Rate of December 31, 2022	1.1442%	5.13886%	Global-rates.com
Principal Outstanding(USD)		1,171,556,107.00	
Contracted Capacity		4,000 MW	
No of hours in a year		8760	
Benchmark energy (kWh) (Annual)		35,040,000,000	

* Above Indexation is on the basis of the information provided by PMLTC and verified by NEPRA.

* Insurance and Sinosure component is not part of quarterly indexation. Insurance is adjusted annually on actual basis as per mechanism stipulated in the Decision of the Authority. Also Sinosure will be adjusted at COD.

** For the purpose of indexation of Local O&M components for April-June 2023 quarter, CPI of February 2023 is required to be used. However, Pakistan Bureau of Statistics has discontinued the publication of CPI for base year 2007-08 w.e.f. July 2020 and replaced it with National CPI for new base year 2015-16. As per relevant provision of the TSA, the latest available CPI of June 2020 i.e. 269.27 for base year 2007-08 has been used for the instant indexation/adjustment. The indexation of Local O&M components is being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.

*** The Authority vide its decision dated March 10, 2021 replaced CPI Base Year 2007.08 with N-CPI Base Year 2015-16. The decision shall be implemented upon Notification in the Official Gazette.

