



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/TRF-383/WAPDA (Hydro)-2017/20295-20297
December 14, 2017

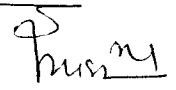
Subject: Decision of the Authority in the matter of Motion for Leave for Review on the Determination of Bulk Supply Tariff of WAPDA Hydroelectric for Financial Year 2017-18 [Case No. NEPRA/TRF-383/WAPDA(Hydro)-2017]

Dear Sir,

This is in continuation of this office letter No. NEPRA/TRF-383/WAPDA(Hydro)-2017/19079-19081 dated November 22, 2017 whereby Determination of the Authority in the matter of Bulk supply Tariff for WAPDA Hydroelectric for Financial Year 2017-18 was sent to the Federal Government for notification in the official Gazette.

2. Please find enclosed herewith the subject decision of the Authority along with Annex-I (05 Pages) in the matter of Motion for Leave for Review filed by WAPDA Hydroelectric.
3. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
4. Order of the Authority's Decision is to be notified in the official Gazette.

Enclosure: As above


14 12 17
(Syed Safer Hussain)

Secretary
Ministry of Energy
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



1. This order shall decide the review motion filed by WAPDA Hydroelectric (hereinafter referred to as "the Petitioner") against the determination of the Authority dated 22.11.2017 in the matter of Bulk Supply Tariff of WAPDA Hydroelectric for FY 2017-18 (herein after referred to as "Determination").
2. The Petitioner vide its letter dated November 29, 2017, submitted a request seeking certain clarification and details, in the Determination of National Electric Power Regulatory Authority (hereinafter referred to as "the Authority") in terms of section 17(13) (xii) of NEPRA Tariff (Standards and Procedure) Rules, 1998 (hereinafter referred to as the "tariff Rules"). The Authority while considering the request of the Petitioner deemed the same as a review motion and admitted in terms of rule 16 (6) of the tariff Rules.
3. The grounds for review submitted by the Petitioner are as under

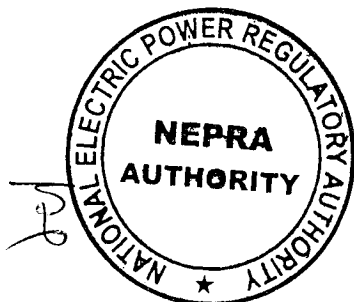
Project Wise RAB Assessment

- a. In the original petition, the Petitioner projected Regulatory Asset Base for the on-going project development projects separately while the Determination has shown aggregate total without providing the project wise break-up and requested the provision of Regulatory Asset Base details. This [break-up] will enable WAPDA to take-up the issue with Federal Government regarding the disallowing of Diامر Bash Dam Cost in tariff by NEPRA.

Identification of NHP Arrears

- b. The order part of the Determination does not clearly indicate the recovery mechanism for NHP arrears instalments as approved by the CCI for the province of KP and Punjab during FY 2018-19 & 2019-2020.

4. As per regulation 3(2) of the National Electric Power Regulatory Authority (Review Procedure) Regulations, 2009, "any party who is aggrieved from any order of the Authority and who, from the discovery of new and important matter of evidence or on account of some mistake or error apparent on the face of record or from any other sufficient reasons, may file a motion seeking review of such order". Further considering that request for review is clarifying in nature and will neither result in any variation of the approved tariff or will adversely affect the right of any party and also considering the Petitioner has also not requested for a right of hearing, the Authority has dispensed with the requirement of hearing.
5. The Authority has considered the review motion and observes as under:
 - (a) In the determination for FY 2017-18 the Authority summarized the under construction projects as a whole in table mentioned in para 78 (page 21) reproduced below:
 - 1) *From what has been discussed above, the summary of Projects' Return on Investment (Rol) being allowed for the Petitioner is given hereunder:*





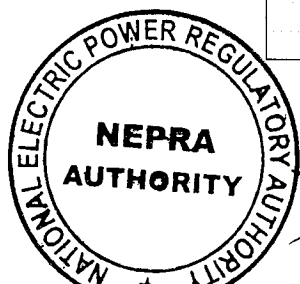
Decision Of The Authority In The Matter Of Motion For Leave For Review on The Determination Of Bulk Supply Tariff of WAPDA Hydroelectric For FY 2017-18

Description	FY 2015-16	FY 2016-17	FY 2017-18
	Total	Total	Total
Capital WIP (OB) (Rs.Mln)	43,239	65,294	111,784
Addition Capital WIP (Rs. Mln)	22,989	46,490	41,759
Less Capitalization (Rs.Mln)	933		100,062
Capital WIP (CB) (Rs. Mln)	65,294	111,784	53,481
Average WIP	54,267	88,539	82,633
Debt Ratio (Actual)	76.17%	83%	75%
Equity Ratio (Actual)	23.83%	17%	25%
Debt Ratio (Allowed)	76.12%	77.06%	78.57%
Equity Ratio (Allowed)	23.88%	22.94%	21.43%
Cost of Debt (Allowed)	15.45%	15.39%	15.07%
Cost of Equity (Allowed)	17.00%	17.00%	17.00%
WACC	15.82%	15.76%	15.48%
Total Debt (Rs million)	41,308	68,227	64,921
Cost of Debt (Rs million)	6,380	10,501	9,784
Return on Investment (Allowed)	8,583.09	13,953.74	10,795.99
Return on Investment (Requested)	14,642.57	23,214.83	31,471.99

(b) Each project has however been discussed separately but in the Determination no such table was provided which could have identified project wise assessment. It was noted that a separate table with additional data may help WAPDA address their concern with regards to Diamir Basha. The Petitioner concern in this regard is justified and therefore, it is decided that Project wise assessment may be given in a tabulated form which is attached as Annex-I.

(c) (c) With regard to NHP arrears, the Petitioner was given the following plant wise tariff in the Order part of the Determination:

Sr.No.	Power Stations	With Revenue Gap				Without Revenue Gap			
		Variable Rate	Fixed Rate	(WUC)/(NHP)	(IRSA)	Variable Rate	Fixed Rate	(WUC)/(NHP)	(IRSA)
		Rs/kWh	Rs/kWh/Month	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh/Month	Rs/kWh	Rs/kWh
1	TARBELA	0.030	905.411	1.16	0.005	0.030	517.484	1.16	0.005
2	MANGLA	0.056	730.138	0.15	0.005	0.056	531.611	0.15	0.005
3	WARSAK	0.072	1,170.801	1.16	0.005	0.072	782.874	1.16	0.005
4	CHITRAL	0.655	4,839.034	1.16	0.005	0.655	4,451.107	1.16	0.005
5	K. GARHI	0.273	2,422.136	1.16	0.005	0.273	2,034.210	1.16	0.005
6	DARGAI	0.094	1,434.931	1.16	0.005	0.094	1,047.004	1.16	0.005
7	JABBAN	0.332	3,559.548	1.16	0.005	0.332	3,171.621	1.16	0.005
8	GHAZI BAROTHA	0.089	3,751.739	1.16	0.005	0.089	1,365.140	1.16	0.005
9	CHASHMA	0.146	4,399.936	1.16	0.005	0.146	2,013.338	1.16	0.005
10	JINNAH	0.229	4,823.075	1.16	0.005	0.229	2,436.476	1.16	0.005
11	GOMAL ZAM	1.384	6,496.811	-	0.005	1.384	6,298.284	-	0.005
12	KHAN KHWAR	0.375	2,914.725	1.16	0.005	0.375	2,526.798	1.16	0.005
13	ALLAI KHWAR	0.254	2,669.468	1.16	0.005	0.254	2,281.541	1.16	0.005
14	DUBAIR KHWAR	0.339	3,284.646	1.16	0.005	0.339	2,896.719	1.16	0.005
15	RASUL	0.079	3,772.828	1.16	0.005	0.079	1,386.229	1.16	0.005
16	SHADIWAL	0.234	3,974.775	1.16	0.005	0.234	1,588.176	1.16	0.005
17	NANDIPUR	0.228	4,108.524	1.16	0.005	0.228	1,721.925	1.16	0.005
18	CHICHOKI	0.207	3,908.603	1.16	0.005	0.207	1,522.004	1.16	0.005
19	RENALA	0.676	6,285.514	1.16	0.005	0.676	3,898.915	1.16	0.005
20	Tarbela 4	0.152	322.654	1.16	0.005	0.152	121.455	1.16	0.005
21	Golen Gol	0.228	1,370.610	1.16	0.005	0.228	511.836	1.16	0.005



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(d) In the fixed component the following was included;

- a) WAPDA Hydroelectric fixed revenue requirement @ 95% while 5% being made a part of each power plants variable rate
- b) Revenue gap pertaining to FY 2014-15, FY 2015-16, & FY 2016-17
- c) NHP arrear to KPK and Punjab

(e) The Petitioner states that the above order does not distinguish and identify the annual NHP arrear payments payable to province of KPK and Punjab pursuant to the CCI decisions. Rule 17 (3) (xiii) of Tariff Standard and Procedure Rules 1998 provides that

Tariffs should be comprehensible, free of misinterpretation and shall state explicitly each component thereof.

(f) In pursuance to the above cited rule, the Authority considers that it will be in fitness of things to provide break up of fixed component of each power plant's tariff. This break up will bring transparency and will identify each component including NHP component separately. The power purchaser will also ensure that NHP as ordained in the CCI decision is timely paid to WAPDA and onwards to the Provinces.

6. In view thereof the Determination is revised as under:

REVISED ORDER

1. For the reasons recorded in the order on the review motion filed by WAPDA Hydroelectric (Petitioner), subject to adjustment on account of determination of net hydel profits, Petitioner is allowed to charge the Central Power Purchasing Agency Guarantee Limited (CPPA-G) the following tariff of each plant at the bus bar of its hydroelectric power stations connected directly or indirectly to the transmission system of NTDC.

Sr.No.	Power Stations	Province	Current FY 2017-18			12 months
			Capacity	Variable Rate	Fixed Rate	Revenue Gap
			MW	Rs/kWh	Rs/kW / Month	Rs/kW / Month
1	MANGLA	AJK	1,000	0.056	626.710	103.428
2	GOMAL ZAM	FATA	17	1.384	6,393.383	103.428
3	TARBELA	KPK	3,478	0.030	307.035	103.428
4	WARSAK	KPK	243	0.072	572.424	103.428
5	CHITRAL	KPK	1	0.655	4,240.658	103.428
6	K. GARHI	KPK	4	0.273	1,823.760	103.428
7	DARGAI	KPK	20	0.094	836.555	103.428
8	JABBAN	KPK	22	0.332	2,961.172	103.428
9	KHAN KHWAR	KPK	72	0.375	2,316.349	103.428
10	ALLAI KHWAR	KPK	121	0.254	2,071.091	103.428
11	DUBAIR KHWAR	KPK	130	0.339	2,686.269	103.428
12	Tarbela 4	KPK	1,410	0.152	322.654	-
13	Golen Gol	KPK	106	0.228	1,370.610	-
14	GHAZI BAROTHA	PUNJAB	1,450	0.089	769.975	103.428
15	CHASHMA	PUNJAB	184	0.146	1,418.173	103.428
16	JINNAH	PUNJAB	96	0.229	1,841.312	103.428
17	SHADIWAL	PUNJAB	14	0.234	993.012	103.428
18	NANDIPUR	PUNJAB	14	0.228	1,126.760	103.428
19	CHICHOKI	PUNJAB	13	0.207	926.840	103.428
20	RENALA	PUNJAB	1	0.676	3,303.750	103.428
21	RASUL	PUNJAB	22	0.079	791.065	103.428



Decision Of The Authority In The Matter Of Motion For Leave For Review on The Determination Of Bulk Supply Tariff of WAPDA Hydroelectric For FY 2017-18

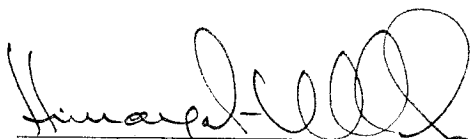
Hydel Levies Tariff

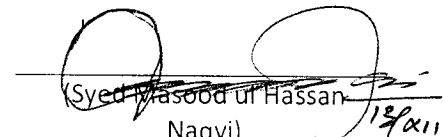
Sr. No.	Power Stations	Province	Current FY 2017-18				12 months	Jul 2018 to Jun 2019	Jul 2019 to Jun 2020
			Capacity	NHP Arrears	(WUC)/(NHP)	(IRSA)	NHP Arrears	NHP Arrears	NHP Arrears
			MW	Rs/kW / Month	Rs/kWh	Rs/kWh	Rs/kW / Month	Rs/kW / Month	Rs/kW / Month
1	MANGLA	AJK	1,000	-	0.150	0.005	-	-	-
2	GOMAL ZAM	FATA	17	-	-	0.005	-	-	-
3	TARBELA	KPK	3,478	305.549	1.155	0.005	189.399	305.549	-
4	WARSAK	KPK	243	305.549	1.155	0.005	189.399	305.549	-
5	CHITRAL	KPK	1	305.549	1.155	0.005	189.399	305.549	-
6	K. GARHI	KPK	4	305.549	1.155	0.005	189.399	305.549	-
7	DARGAI	KPK	20	305.549	1.155	0.005	189.399	305.549	-
8	JABBAN	KPK	22	305.549	1.155	0.005	189.399	305.549	-
9	KHAN KHWAR	KPK	72	305.549	1.155	0.005	189.399	305.549	-
10	ALLAI KHWAR	KPK	121	305.549	1.155	0.005	189.399	305.549	-
11	DUBAIR KHWAR	KPK	130	305.549	1.155	0.005	189.399	305.549	-
12	Tarbela 4	KPK	1,410	-	1.155	0.005	-	-	-
13	Golen Gol	KPK	106	-	1.155	0.005	-	-	-
14	GHAZI BAROTHA	PUJNAB*	1,450	-	1.155	0.005	2,878.344	690.264	690.264
15	CHASHMA	PUJNAB*	184	-	1.155	0.005	2,878.344	690.264	690.264
16	JINNAH	PUJNAB*	96	-	1.155	0.005	2,878.344	690.264	690.264
17	RASUL	PUJNAB*	22	-	1.155	0.005	2,878.344	690.264	690.264
18	SHADIWAL	PUJNAB*	14	-	1.155	0.005	2,878.344	690.264	690.264
19	NANDIPUR	PUJNAB*	14	-	1.155	0.005	2,878.344	690.264	690.264
20	CHICHOKI	PUJNAB*	13	-	1.155	0.005	2,878.344	690.264	690.264
21	RENALA	PUJNAB*	1	-	1.155	0.005	2,878.344	690.264	690.264


*This include 1st and 2nd instalment of Rs 38.1 billion & Rs 14.86 billion respectively pertaining to Punjab NHP arrear payment.

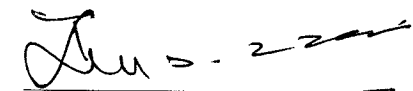
- The tariff with Revenue Gap/prior year adjustment as indicated above, shall be applicable for a period of one year from date of its notification by GoP, after which the tariff without Revenue Gap/prior year adjustment shall be applicable.
- Any over/under recovery of cost/revenue requirement due to factors beyond control of the Petitioner will be adjusted, after due consideration by the Authority, at the time of next tariff determination.
- The order is to be intimated to the Federal Government for notification in the official Gazette under section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

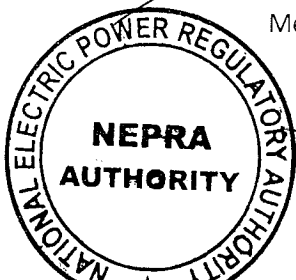
AUTHORITY

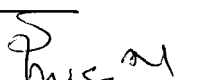

(Himayat Ullah Khan) 14.12.17
Member


(Syed Wasood ul Hassan Naqvi) 14/12/17
Member


(Saifullah Chattha) 14.12.2017
Member/Vice Chairman


(Brig. (R) Tariq Sadozai)
Chairman




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National Electric Power Regulatory Authority
Hydel Power Projects CWIP

FY 2015-16

Description	BASHA	TARBELA-4	GOLEN GOL	DASU	KHEYAL KHAWAR	BUNJI	MANGLA UG	OTHER	Total
Capital WIP (OB) (Rs.Mln)	30,804	18,141	9,904	6,428	1,782	2,135	331	4,517	43,239
Addition Capital WIP (Rs. Mln)	30,846	14,488	3,731	2,797	810	0.126	347	816	22,989
Less Capitalization (Rs.Mln)	-	-	-	-	-	-	-	933	933
Capital WIP (CB) (Rs. Mln)	61,650	32,629	13,635	9,225	2,592	2,135	678	4,400	65,294
Average WIP (assessed)	-	25,385	11,769	7,827	2,187	2,135	504	4,459	54,267
Average WIP (Requested)	46,227	25,386	11,769	7,827	2,187	-	-	7,099	100,495
Actual Debt Ratio	0%	81.97%	51.37%	90.54%	37.40%	-	6.00%	-	76.17%
Actual Equity Ratio	0%	18.03%	48.63%	9.46%	62.60%	-	96.00%	-	23.83%
Assessed Debt Ratio	0%	80.00%	70.00%	80.00%	70.00%	-	70.00%	-	76.12%
Assessed Equity Ratio	0%	20.00%	30.00%	20.00%	30.00%	-	30.00%	-	23.88%
Cost of Debt	0%	15.86%	16.63%	15.00%	15.00%	-	12.46%	-	15.45%
Cost of Equity	0%	17.00%	17.00%	17.00%	17.00%	-	17.00%	-	17.00%
WACC	0%	16.09%	16.74%	15.40%	15.60%	-	13.82%	-	15.82%
Total Debt (Rs million)	-	20,308	8,239	6,261	1,531	-	-	4,969	41,308
Cost of Debt (Rs million)	-	3,222	1,370	939	230	-	-	619	6,380
Return on Investment (Assessed)	-	4,085	1,971	1,205	341	-	981	-	8,583.09

FY 2016-17

Description	BASHA	TARBELA-4	GOLEN GOL	DASU	KHEYAL KHAWAR	BUNJI	MANGLA UG	OTHER	Total
Capital WIP (OB) (Rs.Mln)	61,650	32,629	13,635	9,225	2,592	2,135	678	4,400	65,294
Addition Capital WIP (Rs. Mln)	15,885	24,368	4,936	16,922	265	-	-	-	46,490
Less Capitalization (Rs.Mln)	-	-	-	-	-	-	-	-	-
Capital WIP (CB) (Rs. Mln)	77,535	56,997	18,570	26,147	2,857	2,135	678	4,400	111,784
Average WIP (assessed)	0	44,813	16,103	17,686	2,724	2,135	678	4,400	88,539
Average WIP (Requested)	69,593	43,387	14,749	24,822	3,859	-	-	7,214	163,623
Actual Debt Ratio	0%	81.37%	70.36%	97.15%	41.60%	-	6.00%	-	82.83%
Actual Equity Ratio	0%	18.63%	29.64%	2.85%	58.40%	-	96.00%	-	17.17%
Assessed Debt Ratio	0%	80.00%	70.00%	80.00%	70.00%	-	70.00%	-	77.06%
Assessed Equity Ratio	0%	20.00%	30.00%	20.00%	30.00%	-	30.00%	-	22.94%
Cost of Debt	0%	15.79%	15.98%	15.00%	15.00%	-	12.46%	-	15.39%
Cost of Equity	0%	17.00%	17.00%	17.00%	17.00%	-	17.00%	-	17.00%
WACC	0%	16.03%	16.28%	15.40%	15.60%	-	13.82%	-	15.76%
Total Debt (Rs million)	0%	35,851	11,272	14,149	1,907	-	-	5,049	68,227
Cost of Debt (Rs million)	-	5,662	1,801	2,122	286	-	-	629	10,501
Return on Investment (Assessed)	-	7,186	2,622	2,724	425	-	997	-	13,953.74

FY 2017-18

Description	BASHA	TARBELA-4	GOLEN GOL	DASU	KHEYAL KHAWAR	BUNJI	MANGLA UG	OTHER	Total
Capital WIP (OB) (Rs.Mln)	77,535	56,997	18,570	26,147	2,857	2,135	678	4,400	111,784
Addition Capital WIP (Rs. Mln)	52,940	17,848	6,647	31,000	265	-	-	-	55,759
Less Capitalization (Rs.Mln)	-	74,845	25,217	-	-	-	-	-	100,062
Capital WIP (CB) (Rs. Mln)	130,475	-	-	57,147	3,121	2,135	678	4,400	67,481
Average WIP (assessed)	0	28,499	9,285	41,647	2,989	2,135	678	4,400	89,633
Average WIP (Requested)	104,005	27,072	7,932	69,046	7,740	-	-	7,214	223,008
Actual Debt Ratio	0%	82.69%	78.23%	94.43%	57.84%	-	6.00%	-	75.33%
Actual Equity Ratio	0%	17.31%	21.77%	5.57%	42.16%	-	96.00%	-	24.67%
Assessed Debt Ratio	0%	80.00%	78.23%	80.00%	70.00%	-	70.00%	-	78.68%
Assessed Equity Ratio	0%	20.00%	21.77%	20.00%	30.00%	-	30.00%	-	21.32%
Cost of Debt	0%	15.66%	15.32%	15.00%	15.00%	-	12.46%	-	15.06%
Cost of Equity	0%	17.00%	17.00%	17.00%	17.00%	-	17.00%	-	17.00%
WACC	0%	15.93%	15.69%	15.40%	15.60%	-	13.82%	-	15.48%
Total Debt (Rs million)	0%	22,799	7,264	33,317	2,092	-	-	5,049	70,521
Cost of Debt (Rs million)	-	3,570	1,113	4,998	314	-	-	629	10,624
Return on Investment (Assessed)	-	3,404.29	1,092.36	6,414	466	-	997	-	12,373.61

