

REGISTERED No. M - 302
L.-7646



EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, WEDNESDAY, NOVEMBER 20, 2019

PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

MINISTRY OF ENERGY

(Power Division)

NOTIFICATION

Islamabad, the 19th November, 2019

S. R.O. 1406(I)/2019.—In pursuance of sub-section (7) of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), and in supersession of its earlier Notification No. S.R.O. 247(I)/2016 dated the March 18, 2016, the Federal Government is pleased to notify National Electric Power Regulatory Authority's approved the following Terms & Conditions for import of power by Central Power Purchasing Agency (CPPA) from Riali-II Hydro Power Company (Pvt.) Limited, namely:—

2573(1-9)

Price: Rs. 20.00

[1806(2019)/Ex. Gaz.]

Tariff Components	Year 1-10	Year 11-30	Indexation
Variable Charge (Rs/kWh)			
O&M - Local	0.7178	0.7178	Pakistan CPI
O&M - Foreign	0.2722	0.2722	PKR/US\$, US CPI
Water Use Charge	0.4250	0.4250	
Insurance	0.4767	0.4767	PKR/US\$ (If applicable)
Debt Service (Local)	5.5789	0	
Return on Equity (ROE)	2.0635	2.2109	PKR/US\$
ROE During Construction	0.5382	0.5382	PKR/US\$

- i. The reference tariff has been calculated on the basis of net contracted capacity of 7.080 MW and net annual energy production of 37.740 GWh.
- ii. In the above tariff, no adjustment for Carbon Emission Reduction receipts (CERs) has been accounted for. However, upon actual realization of CERs, the same shall be distributed between the Power Purchaser and RHPCL in accordance with the applicable GOP Policy as amended from time to time.
- iii. The above tariff is applicable for a period of thirty (30) years on BOOT basis commencing from Commercial Operation Date (COD).
- iv. Debt service will be paid in the first 10 years of commercial operation of plant after COD.
- v. In case, the loan spreads are agreed at lower than the allowed spread, the benefit of such reduction in rate will be adjusted in proportion of 40% to the Project Company and 60% to the power purchaser through necessary adjustment in tariff.
- vi. Redemption of equity has been allowed after 10 years of commercial operation of the plant.
- vii. The construction period is 36 months.
- viii. The reference PKR/Dollar rate has been assumed at 1 USD = 121 PKR.
- ix. The component wise tariff is indicated at Annex-I.
- x. Debt Servicing Schedule is attached as Annex-II.

I. One-Time Adjustments

- a. The Principal repayment and the cost of debt will be adjusted at COD as per the borrowing composition.
- b. Interest During Construction (IDC) will be adjusted at COD on the basis of actual debt composition, debt drawdown of loan (not exceeding the amount allowed by the Authority) and applicable interest rate during the actual project construction period (not exceeding the construction period allowed by the Authority).
- c. The specific items of project cost to be paid in foreign currency will be adjusted at COD on account of actual variation in exchange rate over the reference PKR/US\$ exchange rate of Rs. 121 on production of verifiable documentary evidence to the satisfaction of the Authority.
- d. Duties and/or taxes, not being of refundable nature, imposed on the Company up to the commencement of its commercial operations for the import of its plant, machinery and equipment will be adjusted on actual basis at COD, as against reference allowed amount of US\$ 0.413 Million, upon production of verifiable documentary evidence to the satisfaction of the Authority.
- e. Civil Works Cost will be adjusted on account of variation in the price of construction material (Cement, Steel, Labour and Fuel) during the project construction period based on the price adjustment mechanism decided by the Authority.
- f. Financial charges will be adjusted at COD on the basis of actual subject to the maximum of 2% of the total debt allowed (excluding the impact of interest during construction and financial charges) on production of authentic documentary evidence.
- g. Return on Equity (ROE) and Return on Equity During Construction (ROEDC) will be calculated at COD on the basis of actual equity injections and PKR/US\$ exchange rate variation (within the overall equity allowed by the Authority at COD) over the construction period of 36 months allowed by the Authority.
- h. The Company shall submit the relevant water use agreement as part of the onetime adjustment at COD and the tariff shall be adjusted to incorporate water use charge accordingly.

- i. The reference tariff table shall be revised at COD while taking in to account the above adjustments. RHPCL shall submit its request to the Authority within 90 days of COD for necessary adjustments in tariff.

II. Pass-Through Items

No provision for income tax has been accounted for in the tariff. If the power producer is obligated to pay any such tax, the exact amount paid by the power producer (the Company) shall be reimbursed by the Power Purchaser to the Company on production of original receipts. This payment should be considered as pass-through payment spread over a twelve (12) months period in addition to fixed charges in the Reference Tariff.

III. Hydrological Risk

Hydrological Risk shall be borne by the Power Producer.

IV. Indexation

The following indexations during operational period shall be applicable to the reference tariff:

(i) O&M

The local part of O&M will be adjusted on account of Inflation (CPI General), whereas the foreign part of O&M will be adjusted on account of Rupee/Dollar exchange rate variation and US CPI. Quarterly adjustment for local inflation, foreign inflation and exchange rate variation will be made on 1st July, 1st October, 1st January & 1st April respectively on the basis of the latest available information with respect to CPI General (or alternative index as determined by the Authority), US CPI (notified by US bureau of labor statistics) and revised TT & OD Selling rate of US Dollar (notified by the National Bank of Pakistan). The mode of indexation will be as under:

$$O\&M_{(LREV)} = O\&M_{(LREF)} * CPI_{(REV)} / CPI_{(REF)}$$

$$O\&M_{(FREX)} = O\&M_{(FREX)} * USCPI_{(REV)} / USCPI_{(REF)} * ER_{(REV)} / ER_{(REF)}$$

Where:

$$O\&M_{(LREV)} = \text{The revised applicable O\&M local component of tariff indexed with Pakistan CPI (General).}$$

$$O\&M_{(FREX)} = \text{The revised applicable O\&M foreign component of tariff indexed with US CPI and exchange rate variation.}$$

$O\&M_{(LREF)}$	=	The reference O&M local component of tariff for the relevant period.
$O\&M_{(FREF)}$	=	The reference O&M foreign component of tariff for the relevant period.
$CPI_{(REV)}$	=	The Revised Pakistan CPI (General) as notified by the Pakistan Bureau of Statistics for the relevant month.
$CPI_{(REF)}$	=	The Reference Pakistan CPI (General) of June 2018 as notified by the Pakistan Bureau of Statistics.
$US\ CPI_{(REV)}$	=	The Revised US Consumer Price Index (All Urban Consumers) notified by the Bureau of Labor Statistics.
$US\ CPI_{(REF)}$	=	Reference US CPI (All Urban Consumers) notified by the Bureau of Labor Statistics for the month of June 2018.
$ER_{(REV)}$	=	The revised TT and OD selling rate of US dollar as notified by the National Bank of Pakistan.
$ER_{(REF)}$	=	The reference TT and OD selling rate of US dollar of 121

(ii) Water Use Charges

Water Use Charge will be paid on units delivered basis and revised/indexed as per government policy.

(iii) Insurance

Insurance cost component of tariff, in case insurance is denominated in foreign currency, will be adjusted on account of PKR/US\$ exchange rate variation at COD and thereafter on an annual basis at actual subject to the maximum of 1% of the EPC cost on production of authentic documentary evidence by RHPCL, according to the following formula:

$$Ins_{(REV)} = Ins_{(REF)} * ER_{(REV)} / ER_{(REF)}$$

Where;

$Ins_{(REV)}$	=	Revised Insurance cost component of tariff adjusted with the exchange rate variation (PKR/US\$)
$Ins_{(REF)}$	=	Reference insurance cost component of tariff for the relevant period.
$ER_{(REV)}$	=	The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan.
$ER_{(REF)}$	=	The reference TT & OD selling rate of US dollar as notified by the National Bank of Pakistan.

(v) Return on Equity

Return on equity (ROE) as well as Return on Equity during Construction (ROEDC) component of tariff shall be adjusted for variation in PKR/US\$ exchange rate according to the following formula:

$$ROE_{(REV)} = ROE_{(REF)} * ER_{(REV)} / ER_{(REF)}$$

$$ROEDC_{(REV)} = ROEDC_{(REF)} * ER_{(REV)} / ER_{(REF)}$$

Where;

$ROE_{(REV)}$ = Revised Return on Equity component of tariff expressed in Rs./kW/M adjusted with exchange rate variation.

$ROEDC_{(REV)}$ = Revised Return on Equity during Construction component of tariff in Rs./kW/M adjusted with exchange rate variation.

$ROE_{(REF)}$ = Reference Return on Equity component of tariff expressed in Rs./kW/M for the relevant period.

$ROEDC_{(REF)}$ = Reference Return on Equity during Construction component of tariff expressed in Rs./kW/M for the relevant period.

$ER_{(REV)}$ = Revised TT and OD selling rate of US dollar as notified by the National Bank of Pakistan.

$ER_{(REF)}$ = Reference TT and OD selling rate of US dollar.

Note:—

Adjustment on account of inflation, foreign exchange rate variation and LIBOR/KIBOR variation will be approved by the Authority within fifteen working days after receipt of RHPCL's request for adjustment in tariff in accordance with the requisite indexation mechanism stipulated hereinabove.

V. Other Terms and Conditions of TariffDesign & Manufacturing Standards:

Hydel Power Generation system shall be designed, manufactured and tested in accordance with the latest IEC standards or other

equivalent standards. All plant and equipment shall be new and of standard quality.

Power Curve of the Hydel Power Complex:

The power curve of the Hydel Power plant shall be verified by the Power Purchaser, as part of the Commissioning tests according to the latest IEC standards and shall be used to measure the performance of the hydel generating units.

Emissions Trading/Carbon Credits:

RHPCL shall process and obtain emissions/carbon credits expeditiously and credit the proceeds to the Power Purchaser as per the policy issued by the Federal Government.

Year	Energy Purchase Price							
	O&M Local	O&M Foreign	Water Use Charge	Insurance	Return on Equity (ROE)	ROE During Construction	Debt Service	Total Tariff
	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh
1	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
2	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
3	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
4	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
5	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
6	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
7	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
8	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
9	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
10	0.7178	0.2722	0.4250	0.4767	2.0635	0.5382	5.5789	10.0724
11	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	5.5789	10.0724
12	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
13	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
14	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
15	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
16	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
17	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
18	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
19	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
20	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
21	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
22	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
23	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
24	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
25	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
26	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
27	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
28	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
29	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
30	0.7178	0.2722	0.4250	0.4767	2.2109	0.5382	-	4.6408
Levelized Tariff	0.7178	0.2722	0.4250	0.4767	2.1148	0.5382	3.6364	8.1811

Annex-II

Rialti-II HPP								
Debt Servicing Schedule for the Purpose of Indexation of Debt Component Only								
Period	Local Debt					Annual Principal Repayment Rs./kWh	Annual Interest Rs./kWh	Annual Debt Servicing Rs./kWh
	Principal Million Rs.	Repayment Million Rs.	Mark-Up Million Rs.	Balance Million Rs.	Debt Service Million Rs.			
1	1,611.21	30.48	22.15	1,580.73	52.6372	3.2981	2.2808	5.5789
	1,580.73	30.90	21.74	1,549.83	52.6372			
	1,549.83	31.33	21.31	1,518.50	52.6372			
	1,518.50	31.75	20.88	1,486.74	52.6372			
	1,486.74	32.19	20.44	1,454.55	52.6372			
2	1,454.55	32.64	20.00	1,421.91	52.6372	3.4833	2.0957	5.5789
	1,421.91	33.09	19.55	1,388.83	52.6372			
	1,388.83	33.54	19.10	1,355.28	52.6372			
	1,355.28	34.00	18.64	1,321.28	52.6372			
	1,321.28	34.47	18.17	1,286.81	52.6372			
3	1,286.81	34.94	17.69	1,251.87	52.6372	3.6788	1.9001	5.5789
	1,251.87	35.42	17.21	1,216.45	52.6372			
	1,216.45	35.91	16.73	1,180.53	52.6372			
	1,180.53	36.40	16.23	1,144.13	52.6372			
	1,144.13	36.91	15.73	1,107.22	52.6372			
4	1,107.22	37.41	15.22	1,069.81	52.6372	3.8854	1.6936	5.5789
	1,069.81	37.93	14.71	1,031.88	52.6372			
	1,031.88	38.45	14.19	993.43	52.6372			
	993.43	38.98	13.66	954.46	52.6372			
	954.46	39.51	13.12	914.94	52.6372			
5	914.94	40.06	12.58	874.89	52.6372	4.1035	1.4754	5.5789
	874.89	40.61	12.03	834.28	52.6372			
	834.28	41.17	11.47	793.11	52.6372			
	793.11	41.73	10.91	751.38	52.6372			
	751.38	42.31	10.33	709.08	52.6372			
6	709.08	42.89	9.75	666.19	52.6372	4.3339	1.2450	5.5789
	666.19	43.48	9.16	622.71	52.6372			
	622.71	44.07	8.56	578.64	52.6372			
	578.64	44.68	7.96	533.96	52.6372			
	533.96	45.30	7.34	488.66	52.6372			
7	488.66	45.92	6.72	442.74	52.6372	4.5773	1.0017	5.5789
	442.74	46.55	6.09	396.19	52.6372			
	396.19	47.19	5.45	349.00	52.6372			
	349.00	47.84	4.80	301.16	52.6372			
	301.16	48.50	4.14	252.67	52.6372			
8	252.67	49.15	3.47	203.51	52.6372	4.8342	0.7447	5.5789
	203.51	49.84	2.80	153.67	52.6372			
	153.67	50.52	2.11	103.14	52.6372			
	103.14	51.22	1.42	51.92	52.6372			
	51.92	51.92	0.71	0.00	52.6372			
10	203.51	203.51	7.04	0.00	210.5488	5.3923	0.1895	5.5789

[F. No. PII-1(14)/2011.]

SYED MATEEN AHMED,
Section Officer (Tariff).