PART II
Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY
(Power Division)

NOTIFICATION

Islamabad, the 28th January, 2020

S. R. O. 52(I)/2020.—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), the Federal Government is pleased to notify as under the National Electric Power Regulatory Authority’s approved provisional tariff, for immediate application, for Gul Ahmed Energy Limited for RFO Based Power Plant of 136.17 MW Power to KE, namely:—

<table>
<thead>
<tr>
<th>Description</th>
<th>Rs./kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy Charge:</strong></td>
<td></td>
</tr>
<tr>
<td>Fuel cost component</td>
<td>13.5033</td>
</tr>
<tr>
<td>Variable O&amp;M (Local)</td>
<td>0.6736</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>14.1769</strong></td>
</tr>
<tr>
<td><strong>Capacity Charge:</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed O&amp;M (Local)</td>
<td>0.3364</td>
</tr>
<tr>
<td>Cost of working capital</td>
<td>0.2113</td>
</tr>
<tr>
<td>Insurance</td>
<td>0.0563</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>0.5610</td>
</tr>
</tbody>
</table>

(111)

Price: Rs. 6.00

[5089(2020)/Ex. Gaz.]
(II) **Adjustments/Indexations**

The following adjustments/indexations shall be applicable to the reference tariff:

(i) **Adjustment in Insurance as per actual**

The actual insurance cost for the minimum cover required under contractual obligations with the Power Purchaser shall be treated as pass-through. Insurance component of reference tariff shall be adjusted annually as per actual upon production of authentic documentary evidence according to the following formula:

\[
AIC = \frac{Ins_{(Ref)}}{P_{(Ref)}} \times P_{(Act)}
\]

Where:

- **AIC** = Adjusted Insurance Component of Tariff
- **Ins<sub>Ref</sub>** = Reference Insurance Component of Tariff
- **P<sub>Ref</sub>** = Reference Premium Rs. 57.81 million
- **P<sub>Act</sub>** = Actual Premium or US$ 798,219 at exchange rate prevailing on the 1st day of the insurance coverage period whichever is lower

(ii) **Indexation applicable to O&M**

O&M components of tariff shall be adjusted on account of local Inflation (CPI) quarterly on 1st July, 1st October, 1st January and 1st April based on the average CPI for the last quarter as per the following mechanism:

\[
V. O&M_{(REV)} = V. O&M_{(REF)} \times \frac{CPI_{(REV)}}{CPI_{(REF)}}
\]

\[
F. O&M_{(REV)} = F. O&M_{(REF)} \times \frac{CPI_{(REV)}}{CPI_{(REF)}}
\]

Where:

- **V. O&M<sub>REV</sub>** = The revised Variable O&M Component of Tariff
F. O&M\(_{\text{REV}}\) = The revised Fixed O&M Component of Tariff
V. O&M\(_{\text{REF}}\) = The reference Variable O&M Component of Tariff
F. O&M\(_{\text{REF}}\) = The reference Fixed O&M Component of Tariff
CPI\(_{\text{REV}}\) = The revised CPI (General)
CPI\(_{\text{REF}}\) = The reference CPI (General) of 246.82 for June 2019

(iii) **Cost of Working Capital**

Cost of working capital shall be adjusted quarterly for variation in KIBOR and fuel price as per the following mechanism:

\[
\text{COWC}_{\text{REV}} = \text{COWC}_{\text{REF}} \times \frac{P_{\text{REV}}}{P_{\text{REF}}} \times \frac{I_{\text{REV}}}{I_{\text{REF}}}
\]

Where:

- \(\text{COWC}_{\text{REV}}\) = Revised cost of working capital component.
- \(\text{COWC}_{\text{REF}}\) = Reference cost of working capital component.
- \(P_{\text{REV}}\) = Revised Ex-GST delivered RFO price per ton.
- \(P_{\text{REF}}\) = Reference Ex-GST delivered RFO price of Rs. 62,586.93/ton.
- \(I_{\text{REF}}\) = Reference interest rate of 12.97% KIBOR plus 2% premium.
- \(I_{\text{REV}}\) = Revised interest rate of KIBOR plus 2% premium.

(iv) **Fuel Price Adjustment**

The fuel cost component of tariff shall be adjusted on account of fuel price variation as per the following mechanism:

\[
\text{FCC}_{\text{REV}} = \text{FCC}_{\text{REF}} \times \frac{P_{\text{REV}}}{P_{\text{REF}}} \times \frac{\text{CV}_{\text{REV}}}{\text{CV}_{\text{REF}}}
\]

Where:

- \(\text{FCC}_{\text{REV}}\) = Revised Fuel cost component.
- \(\text{FCC}_{\text{REF}}\) = Reference Fuel cost component.
- \(P_{\text{REV}}\) = Revised Ex-GST delivered RFO price per ton.
- \(P_{\text{REF}}\) = Reference Ex-GST delivered RFO price of Rs. 62,586.93/ton.
- \(\text{CV}_{\text{REF}}\) = Reference LHV calorific value of 38,826.19 BTUs/kg.
- \(\text{CV}_{\text{REV}}\) = Revised LHV actual calorific value subject to minimum of 17,333 BTUs/lb.
Terms & Conditions

The following terms and conditions shall apply to the determined tariff:

(i) The approved tariff shall be applicable w.e.f. 3rd November 2019 for a term of three years or till the time CPPA-G/NTDC are willing and capable of supplying equivalent additional power to KE, whichever comes earlier.

(ii) The discontinuation of the purchase of power during the extended term of the PPA shall be subject to reasonable notice period which shall be incorporated in the PPA.

(iii) Dispatch shall be in accordance with the merit order as defined in the grid code.

(iv) No bonus payments shall be allowed over and above the approved tariff.

(v) WWF and WPPF shall be pass-through items.

(vi) Taxes on income, if any, shall be pass-through.

(vii) In case the regulated return increases over 12% due to saving in other tariff components, the gain shall be shared as per the following mechanism:

<table>
<thead>
<tr>
<th>Percentage of ROE</th>
<th>Sharing</th>
</tr>
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<tbody>
<tr>
<td>Upto 12% of Reference Equity</td>
<td>IPP</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>&gt; 12% but ≤ 15% of Reference Equity</td>
<td>50%</td>
</tr>
<tr>
<td>&gt; 15% of Reference Equity</td>
<td>25%</td>
</tr>
</tbody>
</table>

(viii) All adjustments/indexations i.e. fuel price, CPI, KIBOR and insurance shall be done by KE in accordance with the stipulated mechanism.


SYED MATEEN AHMED,
Section Officer (Tariff).