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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

NOTIFICATION

Islamabad, the 20th July, 2022

S. R. O. 1226(I)/2022.—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), NEPRA hereby notifies the decision of the Authority along-with sehedule of Insurance Component of Capacity Charge regarding Indexation/Adustment of Insurance Component of Capacity Charge Part of Tariff of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for the period October 28, 2020 to October 27, 2021 in Case No. NEPRA/TRF-308/HSRPEL-2015.

2. While effecting the Decision, the concerned entities including Central Power Purchasing Agency Guarantee Limited (CPPAGL) shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.

[No. NEPRA/TRF-308/13335-37.]

SYED SAFEER HUSSAIN,
Registrar.

Price : Rs. 6.00

[8713(2022)/Ex. Gaz.]

Insurance Indexation/Adjustment
Case No. NEPRA/TRF-308/HSRPEL-2015

DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT OF INSURANCE COMPONNET OF CAPACITY CHARGE PART OF TARIFF OF HUANENG SHANDONG RUYI (PAKISTAN) ENERGY (PRIVATE) LIMITED

1. Pursuant to the Decisions of the Authority dated March 31, 2015 in the matter of approval of upfront coal tariff for 2x660 MW coal power plant of Huaneng Shandong Ruyi (Private) Company Limited (HSRPEL) and dated January 17, 2019 in the matter of tariff adjustment at Commercial Operation Date (COD), the insurance component of tariff is subject to annual adjustment as per actual cost.

2. HSRPEL vide letter No. HSR-SW-2022-003 dated January 7, 2022 requested to approve insurance component of Rs. 0.1009/kw/h for the fourth agreement year. HSRPEL in support of its request provided copies of insurance policies, premium invoices, sales tax invoices, payment instruments, no claim bonus certificates and premium refund letter of EFU General.

3. HSR paid total insurance premium of Rs. 1,099,370,888 including sales tax of Rs.122,214,856 and the same was requested for calculation of revised insurance component. However, as per the insurance invoices total insurance premium works out Rs. 1,093,870,007. The difference of Rs. 5,500,881 was refunded by EFU General vide its letter dated October 11, 2021 which was not adjusted by HSR in the requested insurance premium. Accordingly, the requested insurance premium works out Rs. 1,093,870,007. The detail of requested insurance premium is provided hereunder:

Sr.	Description	Insurance Premium (Rs.)		
		As Per Request	As Per Invoice	Difference
1	Employer's Liability-Pakistani	3,550,000	3,550,000	-
2	Employers Liability-Chinese	31,685,381	31,685,381	-
3	Group Hospitalization Policy	22,511,759	22,511,759	-
4	Vehicle Insurance-Commercial	981,750	981,750	-
5	Vehicle Insurance-Cars	1,870,146	1,870,146	-
6	General & Product Liability Insurance	65,235,886	64,890,631	345,255
7	Political Violence Insurance and Business Interruption	130,471,456	129,780,623	690,833
8	Business Interruption Following Property All Risk	184,787,242	183,808,677	978,565
9	Property All Risk Insurance	146,377,120	145,602,028	775,092
10	Machinery Breakdown	165,432,293	164,556,209	876,084
11	Business Interruption Following Machinery Breakdown	346,467,855	344,632,803	1,835,052
	Total	**1,099,370,888**	**1,093,870,007**	**5,500,881**

4. Schedule VIII of the Power Purchase Agreement does not provide for health insurance, therefore, in line with other power plants, health insurance of Rs. 22,511,759 has not been considered

5. HSRPEL has also included Sales tax in the calculation of requested insurance cost component of tariff which is not in line with previous decisions and decisions in other similar cases. Therefore, the sales tax amount of Rs. 122,214,856 has not been considered. However, in case FBR declares sales tax on insurance as non adjustable, the same can be claimed as pass-through item under Section 11.3(c) of Schedule I of the PPA from the power purchaser in line with Authority's decision in a similar case.

6. Accordingly, on the basis of remaining insurance cost of Rs. 949,143,392/- for the fourth agreement year, the insurance component has been revised. The revised insurance component of capacity charge part of tariff indicated hereunder shall be immediately applicable:

Period	Revised Insurance Component
	Rs./kW/Hour
October 28, 2020 to October 27, 2021	0.0871

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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7. The revised tariff schedule attached as **Annex-I** is to be notified in the official gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

8. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

AUTHORITY

7/3/22
Rehmatullah Baloch
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Tauseef H. Farooqi
Chairman

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Annex-I

Huaneng Shandong Ruyi (Pakistan) Energy Private Limited
Schedule of Insurance Component of Capacity Charge
Adjustment on Account of Actual Insurance Premium

Period	Reference Insurance Premium	Revised Insurance Premium	Reference Insurance Component	Revised Insurance Component
	Rs.	Rs.	Rs./kW/Hour	Rs./kW/Hour
October 28, 2020 to October 27, 2021	976,067,995	949,143,392	0.0896	0.0871

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