



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

Registrar

NEPRA Tower, Ataturk Avenue(East), G-5/1, Islamabad
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No.NEPRA/SAT-1/TRF-UTB-2017/ 3885-88

March 21, 2017

Subject: **NOTICE OF HEARING IN THE MATTER OF DETERMINATION OF NEW UPFRONT TARIFF FOR BAGASSE BASED CO-GENERATION POWER PROJECTS**

The Authority has decided to initiate proceedings for determination of New Upfront Tariff for Bagasse based Co-Generation Power Projects, in view of the expiry of existing Upfront Tariff for Bagasse based power projects on May 28, 2017, and in this regard, the Authority has decided to hold a hearing on the subject matter according to the schedule mentioned hereunder:

Date : April 06, 2017 (Thursday)
Time : 11:30 a.m.
Venue: NEPRA Tower, Ataturk Avenue (East), G-5/1, Islamabad

2. Accordingly, a notice of hearing highlighting Upfront Tariff proposal has been published on March 18, 2017 (copy enclosed), in the daily newspapers with nationwide circulation.
3. In view of your interest, you may like to comment on the subject matter to assist the Authority in arriving at a just and informed decision. If you have any comments please forward the same within fifteen (15) days of publication of attached advertisement.
4. In case you wish to become a party to the proceedings and participate in the tariff setting process in a more wholesome manner, you may do so by filing an intervention request within fifteen (15) days of publication of attached advertisement. Copy of format for intervention request and the contents of an affidavit (available on NEPRA website) for information and guidance regarding the mode and manner in which you can participate in the proceedings.
5. Please intimate the name of person(s) who is/are authorized to participate in the hearing. Copy of list of issues framed for hearing can be downloaded from NEPRA website www.nepra.org.pk

Encl: As above

(Iftikhar Ali Khan)
Director
Registrar Office

1. President The Federation of Pakistan Chamber of Commerce and Industry (FPCCI), Federation House, Main Clifton Karachi – 5675600	2. Chairman Public Sector Utility, Sub-Committee Karachi Chamber of Commerce & Industries (KCCI) Aiwan-e-Tijarat Road, Shahrah-e-Liaquat Karachi-2
3. President Islamabad Chamber of Commerce & Industry G-8/1, Islamabad	4. President Hyderabad Chamber of Commerce & Industry 488, Chamber Road, Saddar, Hyderabad
5. President Lahore Chamber of Commerce & Industry 11, Shahrah-e-Awan-e-Tijarat, Lahore	6. President Senior Citizen Foundation of Pakistan 5-P, Markaz G-7, Sitara Market, Islamabad
7. Chairman Pakistan Sugar Mills Association, Office No. 102, Mohammad Gulistan Khan House, Fazal-e-Haq Road, Blue Area, Islamabad	8. Chairman All Pakistan Textile Mills Association, APTMA House, 44-A, Lalazar P.O. Box 5446 MoulviTamizuddin Khan Road, Karachi

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9.	Chairman Board of Investment, PM Secretariat (Public), Attaturk Avenue, G-5/1, Islamabad	10.	Chief Executive Officer Small & Medium Enterprises Development Authority, 6th Floor, LDA Plaza, Egerton Road, Lahore
11.	Chairman S.I.T.E. Association of Industry H-16, S.I.T.E., Karachi	12.	General Manager, Karachi Shipyard and Engineering Works Ltd., West Wharf, Dockyard Road, Karachi-74000
13.	Chairman National Accountability Bureau, Attaturk Avenue G-5/2, Islamabad	14.	Director General Hydrocarbon Development Institute of Pakistan Plot No. 20, Sector H-9, Islamabad
15.	Executive Director, Transparency International-Pakistan, 5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII, D.H.A., Karachi .	16.	Director General Pakistan Environmental Protection Agency House No. 311, Main Margalla Road, F-11/3, Islamabad
17.	Managing Director, Heavy Mechanical Complex (Pvt.) Ltd., Taxila	18.	Secretary, Indus River System Authority, 35-Mauve Area, G-10/4, Islamabad
19.	Chairman Pakistan Engineering Council Attaturk Avenue (East), G-5/2, Islamabad	20.	President Consumer Rights Commission of Pakistan H. No. 13, Street 1, G-6/3, Islamabad
21.	M/s SHEHRI 206-G, Block - 2, P.E.C.H.S., Karachi - 75400	22.	President The Institute of Engineers Pakistan, IEP Roundabout, Engineering Centre, Gulberg - III, Lahore - 54660
23.	President Institute of Electrical & Electronics Engineers of Pakistan (IEEEP), 4 - Lawrence Road, Lahore	24.	Chairman The Pakistan Steel Melters Association, 45-S, Gulberg Centre, 84-D/1, Main Boulevard, Gulberg-III, Lahore
25.	Chief Executive Officer Al-Moiz Industries Ltd., 2-D-1, Gulberg-III, Lahore	26.	Chief Executive Officer RYK Mills Ltd., 75/4-D, Sarfraz Rafiqi Road, Lahore Cantt.
27.	Chief Executive Officer Chanar Energy Ltd., Chak 407 GB, Tehsil Tandlianwala, District Faisalabad	28.	Chief Executive Officer Hamza Sugar Mills Ltd., A-22, Mauripur Road, S.I.T.E. Mauripur Road, Karachi
29.	Chief Executive Officer Thal Industries Corporation Ltd., House # 2D/1, Gulberg III, Lahore	30.	Chief Executive Officer Alliance Sugar Mills (Pvt.) Ltd., 3-B, Nisar Colony, Lahore Cantt.
31.	Chief Executive Officer Chiniot Power Ltd., 55-K, Model Town, Lahore	32.	Chief Executive Officer Etihad Power Generation Ltd., 91-F, Model Town, Lahore
33.	Chief Executive Officer JDW Sugar Mills Ltd., 17-Abid Majeed Road, Lahore Cantt.		Project Director HP Cogen-Pak 2 nd Floor, Al-Maalik Building, 19 Davis Road, Lahore



**NATIONAL ELECTRIC POWER
REGULATORY AUTHORITY (NEPRA)**

NOTICE FOR HEARING

DETERMINATION OF NEW UPFRONT TARIFF

- The Authority determined Upront Tariff for New Bagasse Based Co-Generation Power Projects based on high pressure boilers (60 bars and above) on May 29, 2013 with a validity period of one year. The validity period of the Upront Tariff was extended through the Authority's subsequent decisions dated June 19, 2014 and June 17, 2015. The Upront Tariff is due to expire on May 28, 2017. The Authority has decided to determine New Upront Tariff for Bagasse based Co-Generation Projects with revised benchmarks keeping in view the reduction in risks earlier borne by first-movers and improvements in technology. Accordingly, the Authority has developed an upfront tariff proposal for further deliberations and discussion with all stakeholders and the general public.
- The proposed Generation Tariff for New Bagasse based Co-Generation Projects is as under.

Tariff Components	Yr. 1-10	Yr. 11-3	Levelized
	Rs./kWh	Rs./kWh	Rs./kWh
Fuel Cost Component	5.3399	5.3399	5.3399
Variable O&M Local	0.1281	0.1281	0.1281
Variable O&M Foreign	0.3577	0.3577	0.3577
Fixed O&M Local	0.3417	0.3417	0.3417
Insurance	0.1904	0.1904	0.1904
Working Capital Cost	0.1236	0.1236	0.1236
Return on Equity	0.8465	0.8465	0.8465
ROE During Construction	0.0774	0.0774	0.0774
Loan Repayment	1.0942	-	1.0289
Interest Charges	1.4991	-	0.6614
Total Tariff	9.9985	7.4053	9.0956

- The generation tariff is based on the following assumptions. The CAPEX and project cost are US\$ 0.9415 Million per MW and US\$ 1.0339 Million per MW respectively. Annual plant factor is 60%. Operational insurance is 1% of EPC cost. Debt-equity structure is 75:25, IRR is 15%, KIBOR is 6.07%, Spread over KIBOR is 3%. Exchange rate parity of PKR 105/US\$.
- The fuel cost component is based on Net Electrical Efficiency of 28.4%, Bagasse Net Calorific Value of 6905 BTU/kg, Bagasse Price of Rs. 3065 20/Ton, Coal Net Calorific Value of 23810 BTU/kg, and Imported Coal Price (CIF Karachi) of Rs. 10569 64/MT.
- The floor price of bagasse will be Rs. 3065 20/Ton with minimum escalation of 2% per annum and maximum escalation cap of 5% per annum.
- Other assumptions: Debt Repayment Period is 10 Years, Construction Period is 20 months, Auxiliary Consumption is 8.50%.

- The Upront Tariff has been designed to promote new, more efficient plants with latest technology on higher pressure boilers of 100 bars and above.
- All Stakeholders and Interested/Affected persons are also informed that in order to arrive at a just and informed decision, the Authority has decided to hold a public hearing on the subject matter according to the date, time and venue as mentioned below.

Date April 06, 2017 (Thursday)
Time 11:30 a.m.
Venue NEPRA Tower, G-5, Islamabad

- Regarding the subject matter, the Authority has framed certain issues, which have been uploaded on NEPRA's website, to invite the comments/news/opinion of the stakeholders.
- Any interested person who desires to participate in the proceedings may file an intervention request within fifteen (15) days of the date of publication of this notice. Such an intervention request should state the name and address of the person filing it, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person filing it, the relief sought and the evidence, if any, in support of the case.
- Any person may also file comments on the subject matter within fifteen (15) days of publication of this notice and the Authority may permit such a person to participate in the proceedings and may also consider the comments in the final determination. All communications should be addressed to.

Registrar NEPRA

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For further information please visit: www.nepra.org.pk