



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/Tariff-55/AGL-2006/7167-7169
July 30, 2009

Subject: Decision of the Authority in the Matter of Adjustments in Attock Gen Ltd. Tariff at Commercial Operation Date (Case No. NEPRA/TRF-55/AGL-2006) - Intimation of Decision of Tariff pursuant to Section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)


Dear Sir,

Please find enclosed the decision of the Authority along with reference tariff and debt servicing schedule (Annex-I & II) (10 pages) in respect of Attock Gen Ltd. (AGL) tariff on account of Commercial Operation Date in Case No. NEPRA/TRF-55/AGL-2006.

2. The decision is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. Please note that the order of the Authority along with revised reference tariff and debt servicing schedule at Annex-I and Annex-II is required to be notified in the official Gazette which shall supersede SRO 378(I)/2007 dated May 11, 2007.

Enclosure: As above


(Arshad Mehmood)

The Secretary
Cabinet Division
Government of Pakistan
Cabinet Secretariat
Islamabad

CC: 1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.





**ORDER OF THE AUTHORITY
IN CASE NO. NEPRA/TRF-55/AGL-2005
TO BE NOTIFIED IN THE OFFICIAL GAZETTE**

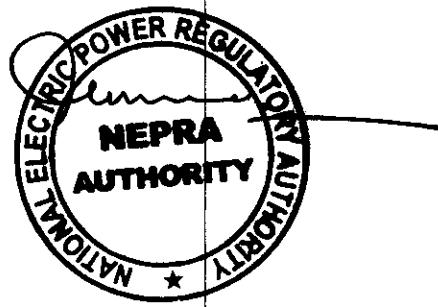
Pursuant to Rule 16(11) of the NEPRA Licensing (Generation) Rules, Attock Gen Limited (AGL) is allowed to charge, on the basis of revised net dependable capacity established on the basis of test jointly carried out by the Central Power Purchasing Agency (CPPA) of the National Transmission and Dispatch Company (NTDC) and AGL at the time of Commercial Operation Date (COD), the following is approved as specified tariff for AGL for delivery of electricity to the CPPA of the NTDC for procurement on behalf of Ex-WAPDA Distribution Companies:

REFERENCE TARIFF

Tariff Components	Year 1 to 10	Year 11 to 25
Capacity Charge (PKR/kW/Hour)		
Fixed O&M - Foreign	0.1079	0.1079
- Local	0.0882	0.0882
Insurance	0.0494	0.0494
Working Capital	0.0441	0.0441
Debt Service	1.4124	-
Return on Equity	0.2735	0.2735
ROE during Construction	0.0403	0.0403
Total Capacity Charge	2.0159	0.6034
Energy Charge Rs./kWh		
Fuel Cost Component	4.4166	4.4166
Variable O&M - Foreign	0.4763	0.4763
Variable O&M - Local	0.1129	0.1129

Note:

- Capacity Charge Rs./kW/hour is applicable to dependable capacity at the delivery point.
- Dispatch criterion will be the Energy Charge.
- The above tariff is applicable for a period of 25 years commencing from the date of the Commercial Operation.
- Component wise tariff is indicated at Annex-I and Debt Service Schedule at Annex-II



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I) **Adjustment in Insurance Component**

Insurance component of reference tariff shall be adjusted as per actual on yearly basis upon production of authentic documentary evidence by AGL according to the following formula:

Insurance Component (Revised) = Rs.0.0494 per kW per Hour/Rs. 67.5 million x AP

Where;

AP = Actual Premium

II) **Pass-Through Items**

No provision for income tax has been accounted for in the tariff. If AGL is obligated to pay any tax on its income, the exact amount paid by the company may be reimbursed by NTDC to AGL on production of original receipts. This payment may be considered as pass-through (as Rs./kW/Hour) monthly payment spread over a 12 months period in addition to the capacity purchase price proposed in the Reference Tariff. Furthermore, in such a scenario, AGL may also submit to NTDC details of any tax shield savings and NTDC may deduct the amount of these savings from its payment to AGL on account of taxation.

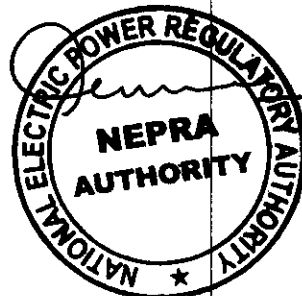
Withholding Tax is also a pass through item just like other taxes as indicated in the government guidelines for determination of tariff for new IPPs. Withholding tax shall be allowed @7.5% (or applicable rate) of the return on equity. CPPA (NTDC) shall make payment on account of withholding tax at the time of actual payment of dividend subject to maximum of 7.5% (or applicable rate) of 15% equity according to the following formula:

Withholding Tax Payable + [15% * (E_(REF)) + ROEDC_(REF)] * 7.5% (or applicable rate)

Where:

E_(REF) = Reference Equity (Rs.2,494.319 million)

ROEDC_(REF) = Reference Return on Equity During Construction



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In case Company does not declare a dividend in a particular year or only declares a partial dividend, then the difference in the withholding tax amount (between what is paid in that year and the total entitlement as per the Net Return on Equity) would be carried forward and accumulated so that the Company is able to recover the same as a pass through from the Power Purchaser in future on the basis of the total dividend pay out.

III Indexations

The following indexations shall be applicable to reference tariff.

a) Indexation applicable to O&M

In future Fixed O&M part of Capacity Charge will be adjusted on account of local Inflation (WPI) and variation in US CPI and dollar/Rupee exchange rate. Quarterly adjustment for local inflation, foreign inflation and exchange rate variation will be made on 1st July, 1st October, 1st January and 1st April based on the latest available information with respect to WPI notified by the Federal Bureau of Statistics (FBS), US CPI issued 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:

i) Fixed O&M

$$F O\&M_{(LREV)} = \text{Rs. } 0.0882 \text{ per kW per Hour} * WPI_{(REV)} / 137.00$$

$$F O\&M_{(FREV)} = \text{Rs. } 0.1079 \text{ per kW per hour} * US CPI_{(REV)} / 212.174 * ER_{(REV)} / 80.4$$

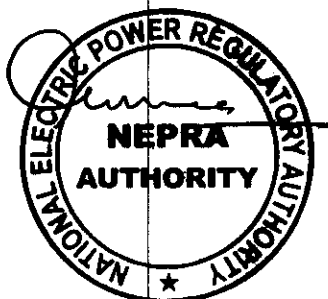
Where:

$F O\&M_{(LREV)}$ = The revised applicable Fixed O&M Local Component of the Capacity Charge indexed with WPI

$F O\&M_{(FREV)}$ = The revised applicable Fixed O&M Foreign Component of the Capacity Charge indexed with US CPI and Exchange rate variations.

$WPI_{(REV)}$ = The revised Wholesale Price Index (Manufacturers)

$WPI_{(REF)}$ = 137.00 Wholesale Price Index (Manufacturers) of January 2009



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notified by Federal Bureau of Statistics
US CPI_(REV) = The revised US CPI (All Urban Consumers)
US CPI_(REF) = 212.174 US CPI (All Urban Consumers) for the month of
January 2009 as notified by the US Bureau of Labor Statistics
ER_(REV) = The revised TT & OD selling rate of US dollar as notified by
the National Bank of Pakistan

ii) Variable O&M

The formula of indexation for variable O & M component will be as under:

$$V O\&M_{(LREV)} = \text{Rs. } 0.1129 \text{ per kW per Hour} * WPI_{(REV)} / 137.00$$

$$V O\&M_{(PREV)} = \text{Rs. } 0.4763 \text{ per kW per hour} * US CPI_{(REV)} / 212.174 * ER_{(REV)} / 80.4$$

Where:

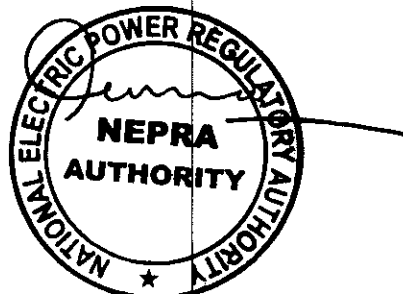
V O&M_(PREV) = The revised applicable Variable O&M Component of the
Energy Charge indexed with US CPI and Exchange rate
variations
WPI_(REV) = The revised wholesale Price Index (manufacturers)
WPI_(REF) = 137.00 Wholesale Price Index (Manufacturers) of January
2009 notified by Federal Bureau of Statistics
US CPI_(REV) = The revised US CPI (All Urban Consumers)
US CPI_(REF) = 212.174 US CPI (All Urban Consumers) for the month of
January 2009 as notified by the US Bureau of Labor
Statistics
ER_(REV) = The revised TT & OD selling rate of US dollar as notified by
the National Bank of Pakistan

iii) Adjustment for KIBOR variation

The interest part of fixed charge component will remain unchanged throughout the
term except for the quarterly adjustment due to variations in interest rate as a result
of variation in 3-monthly KIBOR according to the following formula:

$$\Delta I = P_{(REV)} * (KIBOR_{(REV)} - 12.02\%) / 4$$

Where:



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- ΔI = The variation in interest charges applicable corresponding to variation in KIBOR. ΔI can be positive or negative depending upon whether KIBOR REV is $>$ or $<$ 12.02%. The interest payment obligation will be enhanced or reduced to the extent of ΔI for each quarter under adjustment on quarterly basis.
- $P_{(REV)}$ = is the outstanding principal (as indicated in the attached debt service schedule to this order) on a quarterly basis on the relevant quarterly calculations date. Period 1 shall commence on the date on which the 1st installment is due after availing the grace period.

iv) Fuel Price Variation

The Energy Charge Part of the tariff relating to fuel cost shall be adjusted on account of the fuel price variations as and when notified by the relevant authority, which in the instant case is the Attock Petroleum Ltd. In this regard, the variation in AGL's allowed rate relating to fuel cost shall be revised according to the following formula:

$$FC_{(Rev)} = (\text{Rs. } 4.166 \text{ per kWh} * FP_{(Rev)}) / \text{Rs. } 22,140.07 \text{ per Ton}$$

Where:

$FC_{(Rev)}$ = Revised fuel cost component of Variable Charge on RFO.

$FP_{(Rev)}$ = The new price of RFO as determined per price mechanism given at para 69 of the original determination of AGL and as per decision of the Authority dated April 09, 2009 (communicated vide letter No. NEPRA/TRF-55/AGL – 2006 / 1421-23 dated April 9, 2009)

Adjustment on account of local inflation, foreign inflation, foreign exchange rate variation, KIBOR variation and fuel price variation will be approved and announced by the Authority for immediate application within seven working days after receipt of AGL's request for adjustment in accordance with the requisite indexation mechanism stipulated herein.

v) Adjustment in Return on Equity (ROE)

ROE component of tariff will be adjusted subject to exchange rate variation according to the following formula;



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$$ROE_{(Rev)} = \text{Rs.0.2735 per kW per hour} * ER_{(Rev)} / ER_{(Ref)}$$

Where:

- $ROE_{(Rev)}$ = The revised ROE component of the Capacity Purchase Price
 $ER_{(Rev)}$ = The revised TT & OD selling rate of US\$ as notified by the National Bank of Pakistan
 $ER_{(Ref)}$ = The reference exchanges rate of PKR 80.4 = 1 US\$.

VI. Adjustment on Return on Equity during Construction (ROEDC)

ROEOC component of tariff will be adjusted subject to exchange rate variation according to the following formula;

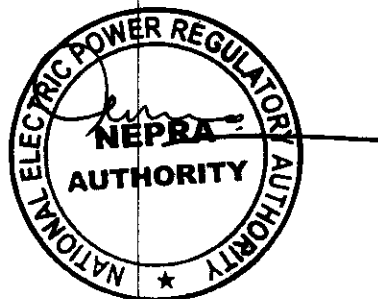
$$ROEDC_{(Rev)} = \text{Rs.0.0403 per kW per Hour} * ER_{(Rev)} / ER_{(Ref)}$$

Where:

- $ROEDC_{(Rev)}$ = The revised ROEDC component of the Capacity Purchase Price
 $ER_{(Rev)}$ = The revised TT & OD selling rate of US\$ as notified by the National Bank of Pakistan
 $ER_{(Ref)}$ = The reference exchanges rate of PKR 80.4 = 1 US\$.

IV Terms and Conditions of Tariff:

- i) Use of RFO will be considered as primary fuel.
- ii) Dispatch criterion will be based on the Energy Charge.
- iii) General assumptions of AGL, which are not covered in this determination, may be dealt with in the PPA according to its standard terms.



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Attock Gen. Limited (AGL)
Revised Reference Tariff Schedule Based on RFO
 w.e.f March 17, 2009

Year	Energy Charge (PKR/kWh)				Capacity Charge (PKR/kW/ Hour)										Capacity Charge at 60% Plant Factor Rs./kWh	Total Tariff Rs./kWh
	Fuel	Variable O&M Local	Variable O&M Foreign	Total	Fixed O&M Local	Fixed O&M Foreign	Insurance	Financing Cost on Working Capital	Return on Equity	Return on Equity for Construction Period	Withholding Tax @7.5%	Loan Repayment	Interest Charges	Total		
1	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.3468	1.0657	2.0393	3.3989	8.4047
2	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.4013	1.0111	2.0393	3.3989	8.4047
3	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.4643	0.9481	2.0393	3.3989	8.4047
4	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.5373	0.8751	2.0393	3.3989	8.4047
5	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.6218	0.7906	2.0393	3.3989	8.4047
6	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.7195	0.6929	2.0393	3.3989	8.4047
7	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.8327	0.5797	2.0393	3.3989	8.4047
8	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.9636	0.4489	2.0393	3.3989	8.4047
9	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	1.1150	0.2974	2.0393	3.3989	8.4047
10	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	1.2903	0.1221	2.0393	3.3989	8.4047
11	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
12	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
13	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
14	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
15	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
16	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
17	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
18	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
19	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
20	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
21	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
22	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
23	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
24	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
25	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
Levelised	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.4409	0.5152	1.5830	2.6384	7.6442

156.181 MW

80.4 PKR/USD

22,415.17 Rs/Metric Ton

212.174 for January 2009 as notified by the US Labor Bureau of Labor Statistics

137,000 for January 2009 as notified by the Federal Bureau of Statistics

45%

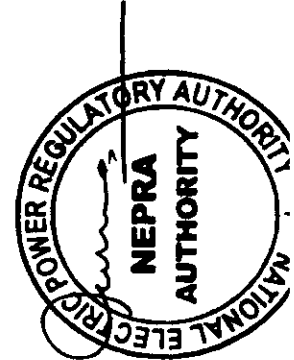
Exchange Rate

Fuel Price (Inclusive of Freight)

US CPI

WPI (Manufacturer)

Efficiency

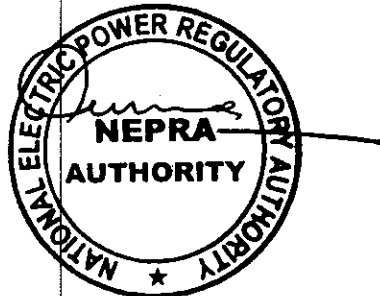


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Debt Servicing Schedule

Dependable Capacity at COD 156.181 MW
 Hours in an Year 8760
 Loan Amount Rs. 9,977,275,735
 3-Month KIBOR as of March 16, 2009 12.02%
 Premium 2.85%
Total Interest 14.87%

Year	Quarter	Period	Pr. (Million Rs.)	Repayment (Million Rs.)	Markup (Million Rs.)	Balance (Million Rs.)	Debt Service (Million Rs.)	Annual Principal Repayment (Rs./kW/hr.)	Annual Interest (Rs./kW/hr.)	Annual Debt Servicing (Rs./kW/hr.)
1	1	1	9,977.28	112.19	370.91	9,865.09	483.09	0.3468	1.0657	1.4124
	2	2	9,865.09	116.36	366.73	9,748.73	483.09			
	3	3	9,748.73	120.69	362.41	9,628.04	483.09			
	4	4	9,628.04	125.17	357.92	9,502.87	483.09			
2	1	5	9,502.87	129.83	353.27	9,373.05	483.09	0.4013	1.0111	1.4124
	2	6	9,373.05	134.65	348.44	9,238.39	483.09			
	3	7	9,238.39	139.66	343.44	9,098.74	483.09			
	4	8	9,098.74	144.85	338.25	8,953.89	483.09			
3	1	9	8,953.89	150.23	332.86	8,803.65	483.09	0.4643	0.9481	1.4124
	2	10	8,803.65	155.82	327.28	8,647.84	483.09			
	3	11	8,647.84	161.61	321.48	8,486.23	483.09			
	4	12	8,486.23	167.62	315.48	8,318.61	483.09			
4	1	13	8,318.61	173.85	309.24	8,144.76	483.09	0.5373	0.8751	1.4124
	2	14	8,144.76	180.31	302.78	7,964.44	483.09			
	3	15	7,964.44	187.02	296.08	7,777.43	483.09			
	4	16	7,777.43	193.97	289.13	7,583.46	483.09			
5	1	17	7,583.46	201.18	281.92	7,382.28	483.09	0.6218	0.7906	1.4124
	2	18	7,382.28	208.66	274.44	7,173.62	483.09			
	3	19	7,173.62	216.41	266.68	6,957.21	483.09			
	4	20	6,957.21	224.46	258.63	6,732.75	483.09			
6	1	21	6,732.75	232.80	250.29	6,499.94	483.09	0.7195	0.6929	1.4124
	2	22	6,499.94	241.46	241.64	6,258.48	483.09			
	3	23	6,258.48	250.44	232.66	6,008.05	483.09			
	4	24	6,008.05	259.74	223.35	5,748.30	483.09			
7	1	25	5,748.30	269.40	213.69	5,478.90	483.09	0.8327	0.5797	1.4124
	2	26	5,478.90	279.42	203.68	5,199.49	483.09			
	3	27	5,199.49	289.80	193.29	4,909.68	483.09			
	4	28	4,909.68	300.58	182.52	4,609.11	483.09			
8	1	29	4,609.11	311.75	171.34	4,297.36	483.09	0.9636	0.4489	1.4124
	2	30	4,297.36	323.34	159.75	3,974.02	483.09			
	3	31	3,974.02	335.36	147.73	3,638.66	483.09			
	4	32	3,638.66	347.83	135.27	3,290.83	483.09			
9	1	33	3,290.83	360.76	122.34	2,930.07	483.09	1.1150	0.2974	1.4124
	2	34	2,930.07	374.17	108.93	2,555.90	483.09			
	3	35	2,555.90	388.08	95.02	2,167.82	483.09			
	4	36	2,167.82	402.51	80.59	1,765.32	483.09			
10	1	37	1,765.32	417.47	65.63	1,347.85	483.09	1.2903	0.1221	1.4124
	2	38	1,347.85	432.99	50.11	914.86	483.09			
	3	39	914.86	449.08	34.01	465.78	483.09			
	4	40	465.78	465.78	17.32	(0.00)	483.09			



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**DECISION OF THE AUTHORITY
AJUSTMENTS IN ATTOCK GEN. LTD. (AGL) TARIFF
AT COMMERCIAL OPERATION DATE (COD)**

1. Background

1.1 Attock Gen Limited (AGL) having successfully achieved its Commercial Operation Date (hereinafter "COD) on March 17, 2009 vide letter reference AGL/1-03/856 dated March 25 2009 filed a request for adjustment in its reference tariff in accordance with the Para 79 of the Authority's Order dated September 04, 2006 and subsequent corrigendum / addendum dated October 14, 2006 (hereafter "Determination") notified vide SRO 378(I)/2007 dated May 11, 2007.

1.2 According to the Authority's Determination following types of adjustments were required to be made at the time of COD;

One Time Adjustment at COD

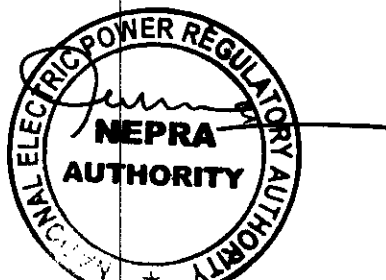
- a) Adjustments due to variation in Net Capacity
- b) Adjustment on account of EPC
- c) Adjustment on account of Custom Duties & Taxes
- d) Adjustment on account of Actual Interest During Construction
- e) Adjustment on account of Financing Fees and Charges
- f) Adjustment on account of ROEDC

Tariff Components Adjustments at COD

- a) Adjustment on account of KIBOR
- b) Adjustment on account of Exchange Rate
- c) Adjustment on account of US CPI and WPI

1.3 In support of AGL's request for adjustment the following documents were submitted:

- Engineering and Procurement Contract
- Construction Contract
- Operation and Maintenance Contract
- Spare Parts Contract
- Common Term Agreement (with all latest amendments)
- Certificate of IDC test from Independent Consultatant i.e KEMA
- Audited & Reviewed Financial Statements
- General Ledgers
- Bank statements & bank advices
- EPC invoices
- Copies of Goods Declarations of Pakistan Customs, Payment Challans of these duties through Pay orders of Faisal Bank Ltd. reconciled with Wartsila invoices, Copies of Bills of Lading





- Equity/Debt draw downs Schedule cross reconciled with Bank Statements
- Insurance Cover Notes
- Schedule of Financing Fee & Charges
- Copies of other source documents

1.4 Based on the documentary evidence placed before the Authority, the item-wise assessment is given in the following paragraphs:

2. **Engineering Procurement and Construction (EPC)**

According to Para 80 of Authority's Determination the AGL's EPC cost was subject to adjustment for variation in Euro/PKR exchange rate parity. The Authority originally determined an amount of Rs. 7,596 million which after adjustment for exchange rate variation has increased to Rs. 9,820.7 million. The increase on this account is about 29%. Since AGL has substantiated its request with documentary evidence and the increase in EPC cost is justified, therefore, the Authority has decided to accept AGL's claim on this account. Accordingly, the EPC cost stands revised to Rs. 9,820.7 million.

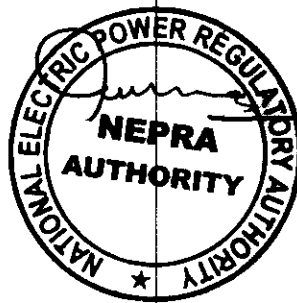
3. **Taxes and Duties**

3.1 According to Para 82 of the Authority's Determination, Taxes and Duties were subject to adjustment at the time of COD on the basis of actual documentary evidence. Accordingly the AGL has requested Rs. 731.633 million as against the determined amount of Rs.390.60 million which is about 87% higher. AGL in support thereof provided the copies of Goods Declarations of Pakistan Customs, Payment Challans of these duties through Pay orders of Faisal Bank Ltd., paid in Government treasury through National Bank of Pakistan, Copies of Bills of Lading and Wartsila invoices etc.

3.2 Having considered all the evidences, the Authority observed that all the Taxes and Duties related to Engineering and Procurement contract were duly paid except for the amount of Rs. 943,163, paid against invoice value of Euro 164,048 or Rs. 14,082,932 for Earthing Material. In Authority's opinion this claim is not justified because AGL paid the duty on this item twice; once at the time of actual import of material; and second when invoice of this material, as per EPC contract, was raised and duty was paid on the basis of that invoice. In view of the aforementioned, the amount of Rs. 943,163 is being excluded and disallowed from total actual Taxes and Duties paid. Accordingly, the Authority has assessed the amount of Rs. 730.7 million under Taxes and Duties head.

4. **Financing Fee and Charges**

4.1 The Authority in its Determination at Para 59 allowed 2% upfront fee and 0.5% commitment fee on un-disbursed loan to AGL based on CAPEX of US\$ 138.71 million. Subsequent to the currency exchange adjustment in the EPC cost the amount of loan has accordingly increased to Rs. 12,471.59 million. As a result of increase in loan amount the financing fee and charges have



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also been increased correspondingly. AGL's has accordingly requested to allow Rs. 219.823 million on this account.

- 4.2 After evaluating the documentary evidence, the Authority considers that AGL's request is justified, therefore, has decided to allow the same.

5. **Interest During Construction (IDC)**

- 5.1 The Authority in its Determination dated September 2006 allowed amount of Rs. 443.76 million based on the loan amount of Rs. 7,132.80 million, KIBOR 8.54% and estimated disbursement plan. The Authority vide Para 82 of the Determination allowed adjustment of IDC as per the actual documentary evidence at the time of COD. AGL has accordingly claimed that its actual IDC is Rs. 1,540.538 million which is about 247% higher than the IDC allowed by the Authority in its Determination.

- 5.2 Having examined all the evidence provided by AGL, the Authority observed that the following were the major attributors to such increase in IDC:

- Increase in actual KIBOR rate ranged between minimum of 9.7% and maximum of 15.5% during the construction period, as against the reference KIBOR of 8.54%.
- Increase in loan amount due to exchange rate variation.

- 5.3 Based on the detailed scrutiny of the documentary evidence, the Authority considers that the AGL's request is justified. Therefore, the Authority decided to allow Rs.1,540.538 million on this account.

6. **Other Income**

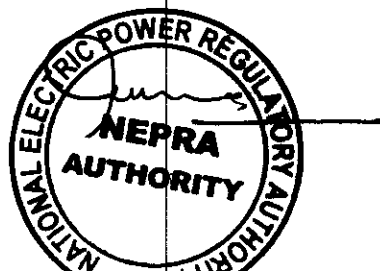
While examining the documents provided by the AGL in support of its claim, the Authority observed that AGL earned an amount of Rs. 176.210 million on account of exchange gain and interest on bank deposits which related to acquisition and retention of the funds. Since the IDC and financial charges were subject to the adjustment as per actual, therefore, the amount of other income to the extent of Rs. 176.210 million is being adjusted against the IDC.

7. **Emergency Stock**

AGL requested to allow exchange rate adjustment of Rs.150.67 million on the account of Emergency Spare Parts allowed by the Authority. The Authority request for allowing exchange rate adjustment on account of Emergency Spare parts is not consistent with the Authority's decision, therefore, is not acceptable.

8. **Summary of adjustments in Project Cost:**

- 8.1 The Authority had determined a total project cost of Rs. 8,916.0 million in the Determination. AGL request for adjustment at COD translates into total project cost of Rs. 12,686,021,332/- an increase of Rs. 3,770.02 million (42 %) from the total project cost requested by AGL.



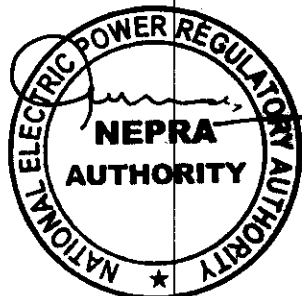
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- 8.2 In view of the adjustment allowed by the Authority as described in the preceding paragraphs, the total project cost comes out to be Rs. 12,471.6 million which is Rs. 214.42 million or 1.69% less than the requested cost of AGL.
- 8.3 A summary of project cost is as under:

Particulars	1	2	3	4	
	Project Cost as per Tariff Determination	Project Cost Claimed by AGL	Project Cost Assessed by the Authority	Difference (3-2)	
	Rs.	Rs.	Rs.	Rs.	%
EPC Cost					
Equipment Procurement Contract	6,516,000,000	8,373,562,175	8,373,662,175	-	0.00
Construction Contract	1,080,000,000	1,447,090,009	1,447,090,009	-	0.00
Total EPC	7,596,000,000	9,820,752,184	9,820,752,184	-	0.00
Project Development Cost	123,000,000	123,000,000	123,000,000	-	0.00
Legal and Consultant Cost	45,000,000	45,000,000	45,000,000	-	0.00
Emergency Stock	113,400,000	150,673,500	113,400,000	(37,273,500)	(24.74)
Pre-operating O&M cost	54,600,000	54,600,000	54,600,000	-	0.00
Taxes and Duties	390,600,000	731,533,274	730,690,111	(943,163)	(0.13)
CAPEX	8,322,600,000	10,925,658,958	10,887,442,294	(38,216,663)	(0.35)
Financing Charges and Fees	149,640,000	219,823,532	219,823,532	-	0.00
Interest during Construction	443,760,000	1,540,538,842	1,540,538,842	-	0.00
Other Income	-	-	(176,210,000)	(176,210,000)	-100
Total Project Cost	8,916,000,000	12,686,021,332	12,471,594,668	(214,426,663)	(1.69)
Debt (80%)	7,132,800,000	10,148,817,066	9,977,275,734		
Equity (20%)	1,783,200,000	2,537,204,266	2,494,318,934		
	8,916,000,000	12,686,021,332	12,471,594,668		

9. According to Para 80 of the Authority's Determination, the reference tariff was determined on the basis of minimum net capacity of 156.138 MW at delivery point and mean site conditions. All the tariff components except fuel cost component and financing cost of working capital were subject to adjustment based upon the IDC test at the time of COD. Consequent to the IDC test, the net capacity has been assessed as 156.181 MW. All the relevant tariff components which were subject to adjustment on the basis of actual net capacity established are also being revised.



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10. **Indexation Applicable to O&M Cost**

The Authority at Para 83 of the Determination allowed AGL indexation applicable to O&M cost. The reference O&M components of tariff were required to be replaced by the revised numbers after incorporating the revised adjustments at COD. In view of Authority's decision, the numbers of O&M cost are being revised which shall replace the Para III(b) & (c) of SRO 378(I)/2007 dated May 11, 2007 with the following:

a) **Fixed O&M**

$$F O\&M_{(LREV)} = \text{Rs. } 0.0882 \text{ per kW per Hour} * WPI_{(REV)} / 137.00$$

$$F O\&M_{(FREV)} = \text{Rs. } 0.1079 \text{ per kW per hour} * US CPI_{(REV)} / 212.174 * ER_{(REV)} / 80.4$$

Where:

$F O\&M_{(LREV)}$ = The revised applicable Fixed O&M Local Component of the Capacity Charge indexed with WPI

$F O\&M_{(FREV)}$ = The revised applicable Fixed O&M Foreign Component of the Capacity Charge indexed with US CPI and Exchange rate variations.

$WPI_{(REV)}$ = The revised Wholesale Price Index (Manufacturers)

$WPI_{(REF)}$ = 137.00 Wholesale Price Index (Manufacturers) of January 2009 notified by Federal Bureau of Statistics

$US CPI_{(REV)}$ = The revised US CPI (All Urban Consumers)

$US CPI_{(REF)}$ = 212.174 US CPI (All Urban Consumers) for the month of January 2009 as notified by the US Bureau of Labor Statistics

$ER_{(REV)}$ = The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan

Note:- The above revised reference O&M cost components of tariff shall be adjusted on quarterly basis for variation in WPI, US CPI and US\$/PKR exchange rate variation

b) **Variable O&M**

The formula of indexation for variable O & M component will be as under:

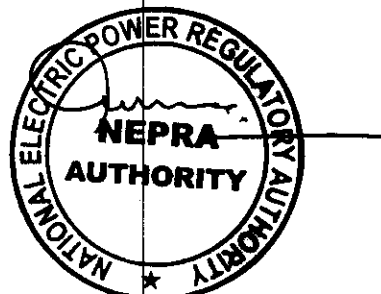
$$V O\&M_{(LREV)} = \text{Rs. } 0.1129 \text{ per kW per Hour} * WPI_{(REV)} / 137.00$$

$$V O\&M_{(FREV)} = \text{Rs. } 0.4763 \text{ per kW per hour} * US CPI_{(REV)} / 212.174 * ER_{(REV)} / 80.4$$

Where:

$V O\&M_{(FREV)}$ = The revised applicable Variable O&M Component of the Energy Charge indexed with US CPI and Exchange rate variations

$WPI_{(REV)}$ = The revised wholesale Price Index (manufacturers)





WPI _(REF)	=	137.00 Wholesale Price Index (Manufacturers) of January 2009 notified by Federal Bureau of Statistics
US CPI _(REV)	=	The revised US CPI (All Urban Consumers)
US CPI _(REF)	=	212.174 US CPI (All Urban Consumers) for the month of January 2009 as notified by the US Bureau of Labor Statistics
ER _(REV)	=	The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan

Note:- The above revised reference O&M cost components of tariff shall be adjusted on quarterly basis for variation in WPI, US CPI and US\$/PKR exchange rate variation

11. **Adjustment On Account Of Financing Cost Of Working Capital:**

AGL has requested adjustment on account of financing cost of working capital. The request, being inconsistent with the Authority's Determination, has been disallowed.

12. **Return on Equity**

The Return on Equity (ROE) was subject to adjustment on the basis of revised amount of equity and revised net capacity established at the time of COD. On the basis of the revised equity of Rs. 2,494.3 million and net capacity of 156.181 MW the ROE component of tariff of Rs. 0.2017/kW/hr originally allowed in the Determination is being revised to Rs. 0.2735/kW/hr.

13. **Return On Equity During The Construction (ROEDC)**

At the time of Determination the Authority determined the Return on Equity during Construction (ROEDC) on assumed equity injection which was subject to adjustment as per the actual equity injection at COD. Based on the documentary evidence provided by AGL in support of its claim, the Authority has revised ROEDC from Rs.0.0385/kW/h to Rs 0.0403/kW/h. Accordingly, based on the revised ROE and ROEDC, the tariff component of withholding tax has also been revised from Rs. 0.0180/kW/h to Rs.0.0235/kW/h.

14. **Debt Servicing Component**

14.1 The Authority has carefully examined the AGL's request for adjustment with respect to Debt Servicing Component on the basis of documentary evidence. The Common Term Agreement (hereinafter "CTA") was signed by AGL with Consortium of Banks in September 2007 on the following salient terms:

- Loan to be disbursed to AGL @ 80% of total project cost as per NEPRA assessment of project cost at the time of COD or bank's exposure upto maximum of Rs10.billion (as per latest amended CTA)
- KIBOR 6-Month plus Premium 2.75%
- Term of loan 10 years, to be payable on 40 equal quarters.



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- 14.2 AGL also submitted that it has negotiated the premium with lenders on better terms as against the maximum ceiling of 3% allowed by the Authority. According to the Para 1.5 of the GOP "Guidelines for Determination of IPPs Tariff", the benefit as a result of better negotiation has to be shared between the IPP and Power Purchaser in the ratio of 40%:60%. In view of the aforementioned, the premium of 3% originally allowed is being revised to 2.85% after adjusting the share to be passed on to the Power Purchaser.
- 14.3 Based on the revised project cost of Rs. 12,471.59 million, and debt equity ratio of 80:20 the loan portion has been worked out as Rs. 9,977.27 million. This amount of loan is within the lenders' approved limit of Rs. 10,000 million. Since the reference debt service components are subject to adjustment on the basis of revised loan amount and revised net capacity, therefore, the same are being revised.
- 14.4 The Authority has also observed that the debt service component were subject to adjustment for variation in 6-Month KIBOR. The Authority's Determination was based on 6-Month KIBOR. The Authority has been informed that as per the policy of State Bank of Pakistan (SBP) the banks are allowed 3-month KIBOR on quarterly repayment instead of 6-months KIBOR. In order to bring the adjustment in consistent with the SBP policy, the Authority has decided to revise its earlier Determination to this extent. The revised debt service schedule of AGL has been accordingly based on 3-months KIBOR of 12.02% as of March 16, 2009 with premium of 2.85%. In future, the quarterly debt service component adjustment shall be made on 3-months KIBOR basis. Accordingly, Para III(d) of the SRO 378(I)/2007 dated May 11, 2007 shall be replaced with the following formula:

The interest part of fixed charge component will remain unchanged throughout the term except for the quarterly adjustment due to variations in interest rate as a result of variation in 3-monthly KIBOR according to the following formula:

$$\Delta I = P_{(REV)} * (KIBOR_{(REV)} - 12.02\%) / 4$$

Where:

ΔI = The variation in interest charges applicable corresponding to variation in KIBOR. ΔI can be positive or negative depending upon whether KIBOR REV is > or < 12.02%. The interest payment obligation will be enhanced or reduced to the extent of ΔI for each quarter under adjustment on quarterly basis.

$P_{(REV)}$ = is the outstanding principal (as indicated in the attached debt service schedule to this order) on a quarterly basis on the relevant quarterly calculations date. Period 1 shall commence on the date on which the 1st installment is due after availing the grace period.



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15. The revised reference tariff and debt servicing schedule at **Annex-I** and **Annex-II** respectively are hereby forwarded for notification in the official gazette in pursuance of Section 31(4) of National Electric Power Regulatory Authority Act [XL of 1997] which shall replace the **Annex-I** & **Annex-II** of SRO 378(I)/2007 dated May 11, 2007.

AUTHORITY

Zafar Ali Khan
(Member)

30/7/09

Ghiasuddin Ahmed
(Member)

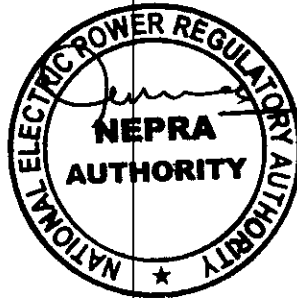
30/7

Shaukat Ali Kundi
(Member)

30.07.09

Khawaja Maqbool Ahmed
(Acting Chairman)

30/7



Attock Gen. Limited (AGL)
Revised Reference Tariff Schedule Based on RFO
w.e.f March 17, 2009

Year	Energy Charge (PKR/kWh)				Capacity Charge (PKR/kW/Hour)										Total Tariff Rs./kWh	
	Fuel	Variable O&M Local	Variable O&M Foreign	Total	Fixed O&M Local	Fixed O&M Foreign	Insurance	Financing Cost on Working Capital	Return on Equity	Return on Equity for Construction Period	Withholding Tax @7.5%	Loan Repayment	Interest Charges	Total		Capacity Charge at 60% Plant Factor Rs./kWh
1	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.3468	1.0657	2.0393	3.3989	8.4047
2	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.4013	1.0111	2.0393	3.3989	8.4047
3	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.4643	0.9481	2.0393	3.3989	8.4047
4	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.5373	0.8751	2.0393	3.3989	8.4047
5	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.6218	0.7906	2.0393	3.3989	8.4047
6	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.7195	0.6929	2.0393	3.3989	8.4047
7	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.8327	0.5797	2.0393	3.3989	8.4047
8	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	0.9636	0.4489	2.0393	3.3989	8.4047
9	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	1.1150	0.2974	2.0393	3.3989	8.4047
10	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235	1.2903	0.1221	2.0393	3.3989	8.4047
11	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
12	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
13	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
14	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
15	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
16	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
17	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
18	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
19	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
20	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
21	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
22	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
23	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
24	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
25	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.0235			0.6269	1.0449	6.0506
Levelised	4.4166	0.1129	0.4763	5.0058	0.0882	0.1079	0.0494	0.0441	0.2735	0.0403	0.6235	0.4409	0.5152	1.8630	2.8364	7.6442
Net Capacity				156.181												
Exchange Rate				80.4												
Fuel Price (Inclusive of Freight)				22,415.17												
US CPI				212.174												
WPI (Manufacturer)				137.000												
Efficiency				45%												

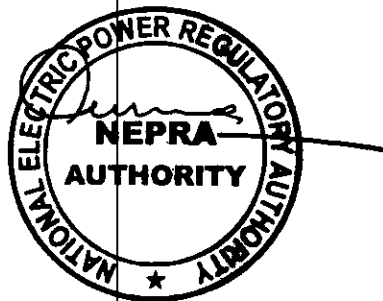


for January 2009 as notified by the US Labor Bureau of Labor Statistics
for January 2009 as notified by the Federal Bureau of Statistics

ATTOCK GEN LIMITED
Debt Servicing Schedule

Dependable Capacity at COD 156.181 MW
 Hours in an Year 8760
 Loan Amount Rs. 9,977,275,735
 3-Month KIBOR as of March 16, 2009 12.02%
 Premium 2.85%
Total Interest 14.87%

Year	Quarter	Month	Principal	Interest	Total	Principal	Interest	Total	Yield	Yield	Yield
1	1	1	9,977.28	112.19	370.91	9,865.09	483.09		0.3468	1.0657	1.4124
	2	2	9,865.09	116.36	366.73	9,748.73	483.09				
	3	3	9,748.73	120.69	362.41	9,628.04	483.09				
	4	4	9,628.04	125.17	357.92	9,502.87	483.09				
2	1	5	9,502.87	129.83	353.27	9,373.05	483.09		0.4013	1.0111	1.4124
	2	6	9,373.05	134.65	348.44	9,238.39	483.09				
	3	7	9,238.39	139.66	343.44	9,098.74	483.09				
	4	8	9,098.74	144.85	338.25	8,953.89	483.09				
3	1	9	8,953.89	150.23	332.86	8,803.65	483.09		0.4643	0.9481	1.4124
	2	10	8,803.65	155.82	327.28	8,647.84	483.09				
	3	11	8,647.84	161.61	321.48	8,486.23	483.09				
	4	12	8,486.23	167.62	315.48	8,318.61	483.09				
4	1	13	8,318.61	173.85	309.24	8,144.76	483.09		0.5373	0.8751	1.4124
	2	14	8,144.76	180.31	302.78	7,964.44	483.09				
	3	15	7,964.44	187.02	296.08	7,777.43	483.09				
	4	16	7,777.43	193.97	289.13	7,583.46	483.09				
5	1	17	7,583.46	201.18	281.92	7,382.28	483.09		0.6218	0.7906	1.4124
	2	18	7,382.28	208.66	274.44	7,173.62	483.09				
	3	19	7,173.62	216.41	266.68	6,957.21	483.09				
	4	20	6,957.21	224.46	258.63	6,732.75	483.09				
6	1	21	6,732.75	232.80	250.29	6,499.94	483.09		0.7195	0.6929	1.4124
	2	22	6,499.94	241.46	241.64	6,258.48	483.09				
	3	23	6,258.48	250.44	232.66	6,008.05	483.09				
	4	24	6,008.05	259.74	223.35	5,748.30	483.09				
7	1	25	5,748.30	269.40	213.69	5,478.90	483.09		0.8327	0.5797	1.4124
	2	26	5,478.90	279.42	203.68	5,199.49	483.09				
	3	27	5,199.49	289.80	193.29	4,909.68	483.09				
	4	28	4,909.68	300.58	182.52	4,609.11	483.09				
8	1	29	4,609.11	311.75	171.34	4,297.36	483.09		0.9636	0.4489	1.4124
	2	30	4,297.36	323.34	159.75	3,974.02	483.09				
	3	31	3,974.02	335.36	147.73	3,638.66	483.09				
	4	32	3,638.66	347.83	135.27	3,290.83	483.09				
9	1	33	3,290.83	360.76	122.34	2,930.07	483.09		1.1150	0.2974	1.4124
	2	34	2,930.07	374.17	108.93	2,555.90	483.09				
	3	35	2,555.90	388.08	95.02	2,167.82	483.09				
	4	36	2,167.82	402.51	80.59	1,765.32	483.09				
10	1	37	1,765.32	417.47	65.63	1,347.85	483.09		1.2903	0.1221	1.4124
	2	38	1,347.85	432.99	50.11	914.86	483.09				
	3	39	914.86	449.08	34.01	465.78	483.09				
	4	40	465.78	465.78	17.32	(0.00)	483.09				



Schwarz
 30/07/09.