



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-100/IPI/7590-7592
August 22, 2011

Subject: Decision of the Authority with respect to Import of Power from Iran First Amended Restated Contract (Draft) with TAVANIR - 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 herewith the decision of the Authority (03 pages) with respect to Amendment No. 2 executed by NTDC/WPPO and TAVANIR in the Contract regarding import of power from Iran.

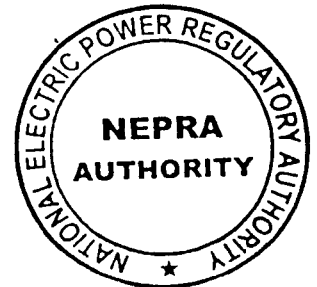
2. The decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority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

Encl: As above

(Syed Safer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC: 1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.





**DECISION OF THE AUTHORITY WITH RESPECT TO IMPORT OF POWER FROM IRAN
FIRST AMENDED AND RESTATED CONTRACT (DRAFT) WITH TAVANIR**

National Transmission and Despatch Company Limited ("NTDC") vide its letter dated July 05, 2011 submitted that after expiry of the Amendment No. 1, NTDC/WPPO and TAVANIR executed the Amendment No. 2. The details provided by NTDC are as under:

Contract & Amendments	Date of Agreement	Route	Agreement Rates (US Cents/kWh)	Validity of the Tariff	Contracted Capacity
Original Contract *	06.11.2002	132 kV Jakigur-Mand	3/kWh	31-12-2005	32 MW
Amendment No. 1	14.08.2006	132 kV Jakigur-Mand	5/kWh	01-01-2008 31-12-2008	39 MW
Amendment No. 2	18.06.2011	132 kV Jakigur-Mand	6.25/kWh	01-01-2009 31-12-2009	39 MW
			$R = 2.5 + 0.07 \times P^{**}$	01-01-2011 31-12-2013	39 MW + 35 MW proposed

- The validity of the contract is 30 years (Article 13.4 of the Contract dated 06-12-2002)
- R: Electricity Energy payable in US\$ cents per each kWh
- 2.5: US Cents per kWh for the fixed portion of the delivered electricity cost
- P: $65.00 \text{ US\$} \leq P \leq 110.00 \text{ US\$}$

2. NTDC requested the Authority to approve the following:

- Effective from 1st January 2009 to 31st December 2010, a revised tariff of US Cents 6.25/kWh instead of US Cents 5.00/kWh,
- Effective from 1st January 2011 till 31st December 2013 the tariff will be worked out according to the following formula:

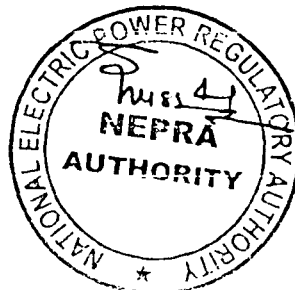
$$R = 2.5 + 0.07 \times P$$

Where:

- R : Electric Energy Price payable in US Cents per each kWh.
2.5 : US Cents per kWh for the fixed portion of the delivered electricity cost
P : The monthly average price of barrel of OPEC basket crude oil in US\$ $65.00 \text{ US\$} \leq P \leq 110.00 \text{ US\$}$

Notwithstanding the abovementioned formula, the delivered electricity price; i.e. R; will remain within the limit of 7.00 to 10.00 US Cents/kWh.

- Based on the above there will be additional payment of US\$ 6.250 million for the period from 1st January 2009 to 31st December 2010 and US\$5.086 million from 1st January 2011 to 30th May 2011.



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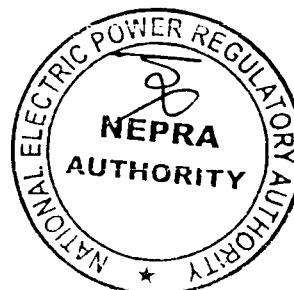


3. CPPA in support of its request provided the following;
- Copy of the Amendment No.1 dated August 14, 2006 to the contract with TAVANIR dated 6-11-2002 to incorporate new agreed tariff of US Cents 5.00 per kWh;
 - Copy of the letter issued by Section Officer Ministry of Water and Power vide letter No. P.II 5/37/94 dated April 26, 2006, conveying ECC's approval dated April 14, 2006 for revision of Tariff from US Cents 3.00 per kWh to US Cents 5.00 per kWh;
 - Copy of Amendment No.2 dated 18th June 2011 to the Contract for Transaction of Electricity dated 6th November 2002 made between Iran Power Generation and Transmission Management Company (TAVANIR) and National Transmission and Despatch Company (NTDC);
4. The Authority while considering the instant request in addition to the above documents also reviewed;
- The Authority's decision dated February 2008;
 - CPPA's response letter No. GM/WPPO/CE-I/D-I/TL-12(9)4592 dated 18.3.2008, to the Authority's observations raised during the meeting held on February 8, 2008;
 - Tariff approved for import of power from Polan Iran to Gwader vide No. NEPRA/R/PAR-12/CPA-2006/3017 dated July 12, 2007;
 - Tariffs allowed to new oil based IPPs.
5. Having considered submissions of NTDC, relevant documents and the Amendment No.2, the Authority is of the view that the agreed rate is not only competitive but is on the lower side when compared with the oil based Independent Power Producers (IPPs). The Authority further considers that the imported electricity will be provided to the rural areas of QESCO which are not connected with the national grid.
6. Keeping in view all aspects of the case the Authority has decided to approve the following:
- A revised tariff of US Cents 6.25/kWh instead of US Cents 5.00/kWh effective from 1st January 2009 to 31st December 2010,
 - The revised tariff effective from 1st January 2011 till 31st December 2013 according to the following formula:

$$R = 2.5 + 0.07 \times P$$

(Notwithstanding the abovementioned formula, the delivered electricity price; i.e. R; will remain within the limit of 7.00 to 10.00 US Cents/kWh.)

Where:

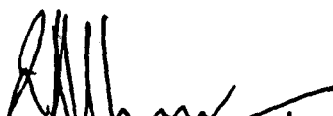





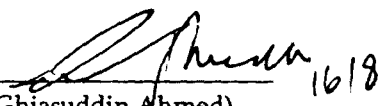
R: Electric Energy Price payable in US Cents per each kWh.
2.5: US Cents per kWh for the fixed portion of the delivered electricity cost
P: The monthly average price of barrel of OPEC basket crude oil in US\$
 $65.00 \text{ US\$} \leq P \leq 110.00 \text{ US\$}$

iii) The additional payment of US\$ 6.25 million for the period from 1st January 2009 to 31st December 2010 and US\$ 5.086 million from 1st January 2011 to 30th May 2011.

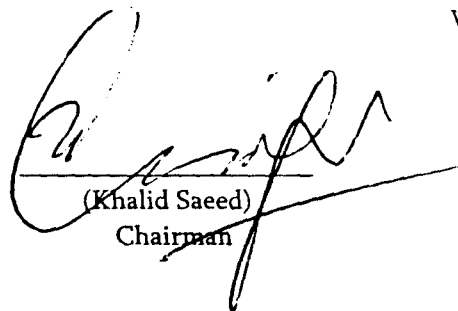
AUTHORITY


(Zafar Ali Khan)
Member
15/8/11


(Maqbool Ahmad Khawaja)
Member


(Ghiasuddin Ahmed)
Member
16/8

on leave
(Shaukat Ali Kundi)
Vice Chairman


(Khalid Saeed)
Chairman

