

**Foundation Power Company (Daharki) Limited**

**Petition for Tariff Revision**

**Chapter 1**

---

**Rule 3                      PETITION**

Petition under Rule 3 of the NEPRA (Tariff Standards and Procedures) Rules, 1998 (the "**Rules**") for revision/modification of the Generation Tariff Determination dated October 21, 2006 (the "**Tariff Determination**") of Foundation Power Company (Daharki) Limited (the "**Petitioner**").

---

**Rules 3(2) (a)              PETITIONER'S NAME AND ADDRESS**

Foundation Power Company (Daharki) Limited  
68, Tipu Road, Chaklala, Rawalpindi

**Rules 3(2) (a)              GENERATION LICENSE**

Generation License No.        IG SPL / 06 / 2007  
Dated:                                February 22, 2007

---

**Rule 3(2) (b)              GROUNDS**

1. Delay in completion and execution of IA and PPA
2. Reservoir Risk and Other Issues
  - A. Requirement of forced outage hours
  - B. Liquidated Damages under the GSA
  - C. Gas Transmission Line
  - D. Compensation under the IA
  - E. Extension of Petroleum Leases
3. EPC Contractor Claims
  - (a) Exchange Rate Fluctuation
  - (b) Raw Material Costs
  - (c) Equipment
  - (d) Change in Gas Specification
  - (e) Warranty Extension Costs
  - (f) Order Suspension Costs
  - (g) EPC Contractor's Guarantee extension costs
  - (h) Administration Costs
  - (i) Transportation Costs

- (j) Onshore Contract Costs
- (k) Petitioner's EPC Works
- 4. Change of Gas Specifications
- 5. Cost of Gas Transmission Line
- 6. Fuel Costs for Testing and Commissioning
- 7. Start-up, Shut-down and the Loading Charges
- 8. Cost of Flared Gas due to Complex/System Disturbances
- 9. O&M Cost of the Gas Transmission Line
- 10. Duties and Taxes on Import of Inventory/ Spare Parts
- 11. Insurance
  - (a) Construction Phase Insurance
  - (b) Operations Phase Insurance
- 12. Lenders' Arrangement Fee
- 13. Security Deposit
- 14. Foreign Equity
- 15. Indexation
- 16. One time COD adjustment
- 17. Federal Excise Duty

Grounds forming the basis of this Tariff Petition are elaborated in Chapter 3 hereof.

---

**Rule 3(2) (c)**

**RELIEF SOUGHT**

The relief sought is set out in Chapter 4 hereof.

---

**Rule 3(2) (d)**

**COMPARATIVE SCHEDULE OF EXISTING TARIFF AND PROPOSED TARIFF**

Tariff tables are attached herewith in Chapter 5 hereof.

---

Rule 3(2) (f)

**SUMMARY OF EVIDENCE (BRIEF PARTICULARS OF DATA,  
FACTS, EVIDENCE IN SUPPORT OF PETITION)**

Attached herein below and in the annexes hereto.

---

Signed by or on behalf of the Petitioner:

\_\_\_\_\_  
Brig (R) Rahat Khan

Dated: 18 December 2007

Attached:

- Affidavit in accordance with Rule 3(8).
- Evidence in support of the submissions made in the Tariff Petition.
- Evidence of Fee.
- Board Resolution

## CHAPTER 2 FACTS RELATED TO THE PETITION

### 1. Background

- a) The Petitioner is a public limited company incorporated under the Companies Ordinance 1984. The Petitioner was issued a letter of support (the “**LOS**”) dated February 20, 2007 pursuant to the Policy for Power Generation Projects 2002 of the Government of Pakistan. It is a condition of the LOS that the Financial Closing (as defined therein) shall be achieved no later than September 30, 2007.
- b) The Petitioner was granted Generation License No. IGSPL / 06 / 2007 dated February 22, 2007 in relation to the construction and operation of a power generation complex with an intended net electrical output of 171.483 MWe at reference conditions, to be located at Daharki, Sindh, Pakistan (“**Complex**”).
- c) The National Electric Power Regulatory Authority (the “**Authority**”) approved the Petitioner’s tariff through a Tariff Determination dated October 21, 2006 (the “**Tariff Determination**”).
- d) Pursuant to international competitive bidding and after undertaking due diligence and negotiations with bidders, the Petitioner issued a Limited Notice to Proceed dated November 19, 2006 to Doosan Heavy Industries and Construction Co Limited, (“**EPC Contractor**”) together with a down payment equivalent to approximately US Dollars 7 million to secure the cost and completion schedule of the Complex. Subsequently, the Petitioner entered into (i) the EPC Offshore Contract (“**Offshore Contract**”) and (ii) EPC Onshore Contract (“**On Shore Contract**”) on February 2, 2007 with the EPC Contractor. The Off Shore Contract and the On Shore Contract are collectively referred to as the “EPC Contracts”. As a result of detailed negotiations with Lenders, the EPC Contracts were amended on August 27, 2007 and September 3, 2007 in order to meet particular requirements of the Lenders. The EPC Contracts were further amended on October 28, 2007 in order to meet claims of the EPC Contractor (as detailed in Chapter 3 below) arising from delayed issuance of the NTP.
- e) It is a condition of the EPC Contracts that the Notice to Proceed (“NTP”) be issued by the Petitioner to the Contractor by April 20, 2007 together with, *inter alia*, an amount in the aggregate equivalent to 20% of the Contract Price stipulated therein, together with, *inter alia*, the opening of the letter of credit. The contractual arrangements with the EPC

Contractor provided that if the NTP was not issued by April 20, 2007 the EPC Contractor would be entitled to terminate the EPC Contracts. The underlying reason for such stipulation was the fact that the Contract Price under the EPC Contracts (which price was based on the sub-contract prices negotiated by the EPC Contractor with its subcontractors, for goods and services) which price was valid until April 20, 2007. Additionally, the Contract Price was also based on prevailing prices for equipment and raw materials etc. at the time. For the reasons set out below, the NTP could not be issued by April 20, 2007, as required by the EPC Contracts and, as a result, the Petitioner had no choice but to negotiate with the EPC Contractors that the contract price under the EPC Contracts would be reviewed and agreed after the issuance of the NTP. The NTP was issued on September 10, 2007. Up until the date of issuance of the NTP, the Petitioner made additional payments from its own resources amounting to approximately US Dollars 12,900,000 in order to ensure that the EPC Contractor continued with the development of preliminary work on the EPC Contracts. It is pertinent to note that if such payments had not been made by the Petitioner from its own resources, the EPC Contracts would have terminated, thereby exposing the Petitioner to increased time and cost consequences as a result of which the entire project would have been frustrated. Notwithstanding such payments to the EPC Contractor, delays in issuing the NTP beyond the stipulated NTP date (April 20, 2007) for reasons beyond the control of the Petitioner have resulted in the issuance of several claims by the EPC Contractor. These claims are examined in further detail below.

- f) After several requests the Petitioner received copies of draft standardized versions of the following documents for the first time from the Private Power and Infrastructure Board (PPIB) in June 2006:
1. Implementation Agreement (“**IA**”)
  2. Power Purchase Agreement (“**PPA**”)
- g) The IA and the PPA were negotiated for a prolonged period with PPIB and National Transmission and Dispatch Company Limited (NTDC) and were finally executed on of August 29 and 30, 2007 respectively. The Petitioner entered into a Gas Supply Agreement (“**GSA**”) with Mari Gas Company Limited (the “**Gas Supplier**”) on September 17, 2007 (after approval of OGRA). Within the context of the PPA, it should be noted that the Petitioner is under an obligation to ensure completion of the Complex no later than the Required Commercial Operations Date (“**RCOD**”) of October 2009, failing which the Petitioner is obliged to pay liquidated damages to NTDC. The Petitioner had previously negotiated a corresponding date with the EPC Contractor under the EPC Contracts and

with its Lenders under the Financing Documents and was, therefore, obliged to retain the corresponding schedule under the PPA. The delays suffered by the Petitioner, as detailed in this Petition, have exposed the Petitioner to considerable risk under the PPA, as the Petitioner's timelines for achievement of RCOD have been seriously prejudiced.

- h) In parallel with the activities set out above, the Petitioner entered into negotiations with a consortium of banks (collectively "the Lenders") consisting of ABN Amro Pakistan, Askari Bank Limited and Bank Alfalah Limited and in order to secure financing for the Complex., The Petitioner entered into a series of agreements (the "**Financing Documents**") with the Lenders on September 4, 2007. The Petitioner achieved Financial Closing under the Financing Documents on September 10, 2007. Accordingly, the Petitioner was in a position to finally issue the NTP to the EPC Contractors on September 10, 2007 when it was in a position to establish the letter of credit (after all the requirements of the Lenders had been fully satisfied, including completion of the matters set out herein) and to make down the remaining amount of the down payments equivalent to approximately US Dollars 16,200,000, i.e., a delay of almost five months from April 20, 2007 as established under the EPC Contracts.
  
- i) From the very outset, the Petitioner has committed considerable manpower and resources to ensure the uninterrupted implementation of the project. The Petitioner has spent an amount of approximately US Dollars 33,000,000 from its own resources up until the NTP issuance date (September 10, 2007) and at its own risk as project costs, which amount the Petitioner stood to lose if the project had not been implemented due to the termination of the EPC Contracts on account of the non-issuance of the NTP.

### Chapter 3

## GROUNDS FORMING BASIS OF THE PETITION

This Chapter sets out the grounds which form the basis of this Petition and justify the claim of the Petitioner for a revision to the Tariff Determination originally issued by the Authority.

#### **1. Delay in completion and execution of IA and PPA**

The standardized IA and PPA, as received by the Petitioner, were riddled with errors which were repeatedly brought to the attention of PPIB and NTDC by the Petitioner. These errors were put into square brackets and the IA was initialed on April 12, 2007 and the PPA was initialed on April 7, 2007. Such errors included entire sections and were finally remedied and corrected by PPIB in August 2007. Several drafts of the IA and the PPA were generated by the Petitioner in the intervening period pointing out numerous deficiencies and anomalies in the IA and the PPA, particularly in relation to the clauses pertaining to Force Majeure and political risk, which were unacceptable to the Lenders. This led to delay in the completion of both the IA and the PPA which could only satisfactorily be concluded on August 29 and 30 respectively. The Petitioner deputed its employees and consultants on a full time basis to ensure the rapid conclusion of the IA and the PPA but despite such efforts was unable to achieve this. The resultant delay affected Financial Closing under the LOS and the Financing Documents. The April 20, 2007 deadline to issue the NTP could not be met for reasons which are not attributable to the Petitioner and which arise directly from the delay of PPIB and NTDC in concluding the IA and the PPA in the circumstances described above.

#### **2. Reservoir Risk and Other Issues**

It is a condition of the Lenders that funding for the project would not be available in any circumstances unless a guarantee was obtained from the Government of Pakistan (“**GOP**”) compensating the Lenders for any deviation from specifications, shortage or cessation of the supply of gas dedicated to the Complex. PPIB eventually agreed in August 2007 to the issuance of Reservoir Risk assurances to meet the concerns of the Lenders. The matter was complicated and delayed as a result of a series of contradictory and incomplete directions that were issued from time to time by GOP, the Ministry of Petroleum and Natural Resources and NTDC. In particular, these agencies were unable to clarify which of them would bear Reservoir Risk and whether the agreed provisions would appear in the IA or the PPA. Eventually a final decision in the matter was finally resolved in August 2007 when GOP agreed to directly bear the burden of Reservoir Risk. It was only then that the relevant provisions of the IA, PPA, GSA and the Financing Documents could be finalized. As a result of the inability of the agencies named above to reach

agreement in the matter, the Petitioner had to bear the consequences of the delay which resulted from this delayed decision.

In addition to reservoir risk, delays in the completion of the IA and the PPA were caused on account of a clear policy directive from GOP/ PPIB and NTDC on the following matters:

A. Requirement of forced outage hours

The Petitioner had urged, from the very outset, that given the special nature of the Complex, the number of forced outage hours set out in the PPA be increased in order to accommodate the Gas Supplier. PPIB and NTDC eventually acceded to the Petitioner's request in August 2007.

B. Liquidated Damages under the GSA

The Gas Supplier was unable to commit to an obligation to pay liquidated damages to the Petitioner until it had received the approval from the Ministry of Petroleum and Natural Resources (MPNR). The Petitioner was informed that such approval was finally received around August 2007, thereby enabling it to make the necessary changes to the GSA.

C. Gas Transmission Line

The Petitioner had urged PPIB/ NTDC at the very outset to include the gas transmission pipeline within the definition of the Complex set out in the PPA. A final policy decision in this regard, accepting the Petitioner's proposal, was finally conveyed to the Petitioner at a meeting in August 2007.

D. Compensation under the IA

The Petitioner required amendments to the compensation table in the IA in order to reach an equitable settlement of the same. PPIB agreed to accommodate the Petitioner's request in August 2007.

E. Extension of Petroleum Leases

The existing leases of the Gas Supplier extend to a term which does not cover the anticipated terms in the IA and the PPA. The GOP eventually gave a letter of comfort, acceptable to the Lenders, covering proposed extensions to the Gas Supplier's petroleum leases in August 2007.

### 3. EPC Contractor Claims

The non- issuance of the NTP by April 20, 2007 could have resulted in the termination of the EPC Contracts but it was only because of the Petitioner's efforts, including the unsecured down payments made by the Petitioner, that the EPC Contractor agreed to continue with work under the EPC Contracts. The senior management of the Petitioner, including its Managing Director, was required to make a series of visits to Korea for the sole purpose of persuading the EPC Contractors to continue with the project and not to terminate the EPC Contracts. The Petitioner, at great financial risk to itself, made substantial down payments, from time to time, to the EPC Contractors even though financial closing had yet to be achieved. As a result of the inability of the Petitioner to issue the NTP (for reasons detailed above) by the contractually stipulated date of April 20, 2007, the EPC Contractor has, from time to time, raised a number of claims which arise directly from the resulting delay. These claims were discussed and negotiated in detail between the Petitioner and the EPC Contractors and have resulted in a cumulative increase of US Dollars 15,377,212 in the Off-shore Contract and Pakistan Rupees 124,455,500 in the On-shore Contract. The reasons leading to such increases in the EPC Contracts are summarized below. Evidence in relation to such claims is set out in Annex A.

#### (a) Exchange Rate Fluctuation:

The EPC Contractors had committed to a fixed contract price (set out in the Onshore and Offshore Contracts) amounting to Pakistan Rupees 1,741,406,000 and US Dollars 111,102,000 on the assumption that the NTP would be issued no later than April 20, 2007. The contract price under the EPC Contracts was based on the exchange rates of the relevant currencies and assumed exchange rate fluctuation on the basis that work under the EPC Contracts would commence by April 20, 2007. The EPC Contractor had entered into sub-contracts for the supply of goods and services which were also based on the commencement of work by April 20, 2007. Accordingly, sub-contract prices negotiated by the EPC Contractors with their subcontractors were based on the exchange rates of the relevant currencies. During the period of the delayed issuance of the NTP, there has been a considerable fluctuation in the exchange rates applicable to Pound Sterling, Swedish Krona, the Euro and the Japanese Yen. As a result of delayed NTP issuance, the basis on which the contract price under the EPC Contracts and the sub-contract prices on which this is based, no longer reflect either the exchange rates for the goods and services in question or the exchange rate position on which these were originally based. Accordingly, the EPC Contractors have submitted a claim reflecting an adjustment to the contract price under the EPC Contracts to take into account currency fluctuations, as summarized above. The contents of this paragraph 3(a) pertain to non-packaged equipment. The EPC Contractor also incurred corresponding effects and

costs in relation to packaged equipment, which are dealt with separately in paragraph 3(c) of this Petition.

(b) Raw Material Costs:

Under the EPC Contracts, the EPC Contractors themselves are required to fabricate items of plant and equipment such as the Heat Recovery Steam Generator (“**HRSG**”), Condenser, Tanks, BOP pipes, etc. The contract price quoted in the EPC Contracts took into account the prices of raw materials required for the fabrication of said items of plant and equipment, assuming that the NTP would be issued no later than April 20, 2007. Over the period of delayed issuance of the NTP, prices for raw materials (including, in particular, prices of copper, aluminum and steel) have increased over the period of delay. On this basis, a revision is sought to the Tariff Determination incorporating the effect of increased costs of raw materials.

(c) Equipment:

The contract price quoted by the EPC Contractor in the EPC Contracts was based on the prices received by the EPC Contractor for the packaged equipment from its vendors, suppliers and sub-contractors for plant, equipment and machinery, including the gas and steam turbines, HRSG, heat exchanger, etc. The EPC Contractor’s sub-contractors had submitted proposals prior to May 2006, which generally provided for prices valid until November 2007 upon the signing of a firm contract, making of a down payment (around 10% of the quoted price) to secure the delivery period and the price thereof and the opening of a letter of credit for the balance price to be established no later than April 30, 2007. As a result of delayed issuance of the NTP (for reasons set out above) the validity period of the prices quoted by the EPC Contractor’s sub-contractors expired and such sub-contractors were unable to maintain the original prices quoted by them in May 2006 due to the exchange rate fluctuation and increasing market costs during the period of delay. In particular, the following consequences resulted:

- (a) there was a significant increase in the demand and prices of such plant, equipment and machinery as international suppliers were unable to maintain prices quoted twelve months ago. There has been a considerable exchange rate fluctuation applicable to the exchange rates of Pound Sterling, Swedish Krona, the Euro and the Japanese Yen. The international power generation market is extremely buoyant as a result of the large number of ongoing and future power plant projects and the global demand for power related equipment is high. As a result, suppliers of plant, equipment and machinery are fully committed and any delay or deviation from the planned schedule results in the order falling in the priority list, thus

delaying delivery by a year or more. In addition, the price of such plant, equipment and machinery increases in accordance with international market trends.

- (b) In order to mitigate the consequences set out in (a) above, the Petitioner, from its own resources, made significant down payments amounting to approximately US Dollars 12,900,000 in order to secure the completion schedule for the project. If the Petitioner had not made the said down payments, then significant delivery schedule delays for package equipment would have resulted thereby leading to corresponding delay in the overall project schedule.
- (c) As a result of delayed NTP issuance, the EPC Contractors' vendors of package equipment were unable to maintain prices quoted by them as early as April 2006. Accordingly, the Petitioner had no choice but to agree with the EPC Contractors that the prices for package equipment would be those prevailing at the time of opening of the letter of credit under the EPC Contracts (i.e. September 10, 2007). Increased prices were incurred by the Petitioner for the following major items of package equipment:

- i. Gas turbine;
- ii. Steam turbine;
- iii. Vendor packages for mechanical balance of plant equipment;
- iv. Vendor packages for water treatment;
- v. Vendor packages for HRSG;
- vi. Vendor packages for condenser;
- vii. Heat exchanger;
- viii. Vendor packages for tanks;
- ix. Switch gear equipment;
- x. Valves and fittings;
- xi. Vendor packages for electrical balance of plant; and
- xii. Vendor packages for I&C.

(d) Change in Gas Specification:

The factual and technical background and the Tariff impact arising from the change in gas specification are considered in further detail in paragraph 4 below. The EPC Contractor has made a claim against the Petitioner based on (i) costs arising from the modification of plant, equipment and machinery and (ii) the redesign cost impact arising from the change in gas specification.

(e) Warranty extension costs:

As a result of the delayed issuance of the NTP beyond April 20, 2007, the EPC Contractors incurred costs due to the extension of the applicable warranty period for the gas turbine, generator, steam turbine and generator including all balance of the plant equipment. The EPC Contractor ordered this equipment in February 2007 on the assumption that the NTP date would occur on or before April 20, 2007. As a result of delayed issuance of the NTP, the EPC Contractors had to instruct the supplier of such equipment to extend the warranty periods therefor in order to ensure that these were synchronous with the warranty period set out in the EPC Contracts.

(f) Order suspension costs:

In order to meet the project schedule, the EPC Contractors placed advance orders for raw materials such as steel plates for tanks and pipes, tubes and fittings for HRSG, on the assumption that the NTP issuance date of April 20, 2007 would be met. Delayed NTP issuance subsequently forced the EPC Contractors to suspend such advance orders until the actual NTP issuance date, approximately 5 months later. The EPC Contractors' suppliers for said items have raised a financial claim resulting from such suspension, which claim amount has been passed on to the Petitioner by the EPC Contractors.

(g) EPC Contractor's Guarantee extension costs:

The EPC Contractor has incurred costs arising from delayed NTP issuance on the following accounts:

(i) In terms of the bid documents issued by the Petitioner for the Complex, the EPC Contractors were required to issue bid bonds to the Petitioner from international banks. As a result of delayed NTP issuance, the said bid bonds were required to be maintained in full force and effect by the EPC Contractors until the date of signing of the EPC Contracts for which the EPC Contractor incurred additional costs.

(ii) As stated above, the Petitioner made down payments to the EPC Contractors from its own resources in order to secure the delivery schedule for items of plant and equipment. The Petitioner required such down payments to be backed by advance payment guarantees of the EPC Contractors from international banks. As a result of delayed NTP issuance, the said bid bonds were required to be issued and thereafter

maintained in full force and effect by the EPC Contractors until the date of signing of the EPC Contracts for which the EPC Contractor incurred additional costs.

(h) Administration costs

The contract price set out in the EPC Contracts has built in administration costs of the EPC Contractors for the normal duration thereof. However, as a result of the delayed issuance of the NTP, the EPC Contractors have incurred additional administration costs (including idle time) which were not anticipated and were not, therefore, included in the EPC Contracts. The EPC Contractor has claimed the amount of such additional administrative costs from the Petitioner.

(i) Transportation costs

The contract price set out in the EPC Contracts has built into it freight costs that would have been incurred in the normal course if the NTP had been issued on or before April 20, 2007. However, as a result of delayed issuance of the NTP, the prevailing transportation costs (as evidenced by the Baltic Dry Index over the period in question) have increased considerably and the EPC Contractors have accordingly made a claim on the Petitioner. These costs have been assessed on the basis that substantial equipment delivery will take place from 2008 onward.

(j) Onshore Contract Costs

The EPC Contractor for the Onshore Contract has incurred additional costs not originally contemplated in the EPC Onshore Contract. Such claims were reviewed and negotiated by the Petitioner with the EPC Contractor and the Onshore Contract was thereafter amended to reflect the increased contract price arising due to the following factors:

- (i) The original Onshore Contract had fixed raw material costs on the assumption that NTP would be issued no later than April 20, 2007. As a result of delayed NTP issuance, cost of raw materials, including cement, rebar, steel structure costs and labor costs have increased considerably during the period of delay.
- (ii) After the execution of the Onshore Contract, detailed underground water level monitoring over a period of nine months revealed abnormal variations in the water table in the vicinity of the project site, which necessitated additional measures to ensure sound and stable equipment foundation which resulted in further costs.

(k) Petitioner's EPC Works

The original Tariff Determination provided for a total Engineering, Procurement and Construction cost of US Dollars 143,700,000. During the course of pre-contract negotiations with the EPC Contractors, the Petitioner determined that it would be time and cost effective to remove certain items of work from the EPC Contracts and to have these performed by third party Pakistani contractors ("Petitioner's Works"). After the reduction of the scope of work of the EPC Contractors, the works to be performed by the EPC Contractor and Petitioner's Works together fell within the EPC cost of US Dollars 143,700,000 stipulated in the original Tariff Determination. The revised EPC contract price now stood at approximately US Dollars 139 million whereas the price for the Petitioner's Works was approximately US Dollars 4.7 million. The Petitioner's Works include constructing, furnishing and providing necessary equipment for an administration building, workshop, labs stores etc. Subsequently, after execution of the EPC Contracts, the Petitioner commenced negotiating the cost escalation of the EPC Contractors resulting from the claims discussed above. In order to minimize the cost impact of the said claims, the Petitioner agreed to exclude certain further items of works from the scope of the EPC Contracts (including, the evaporative ponds and associated medium voltage switch gear, pumps, cables etc. for the evaporative pond and housing colony which items were added to the Petitioner's Works. This resulted in a significant reduction to the overall revised EPC price. As a result of the delayed issuance of the NTP the amount to be incurred in carrying out the Petitioner's Works. including the additional works noted above, has increased from approximately US Dollars 4.7 million to US Dollars 7.74 million while the total EPC Contractors' costs have increased from approximately US Dollars 139 million to US Dollars 156.6 million resulting in a total increase of EPC costs from approximately US Dollars 143.7 million to US Dollars 164.2 million. It is submitted that the original Tariff Determination be revised by the Authority in order to incorporate the increased costs of the Petitioner's Works and the EPC Contractors' costs as outlined above.

As a result of the foregoing matters set out from paragraphs (a) to (i) (inclusive), it is submitted that the original Tariff Determination requires to be revised in order to reflect the amendments to the EPC Contracts.

#### **4. Change of Gas Specifications**

At the time of the original Tariff Determination, the Petitioner submitted to the Authority such specifications of fuel gas as were made available to it by the Gas Supplier, on the basis of which the Petitioner carried out its original feasibility study for the project and thereafter solicited bids for the EPC works. Under the EPC Contracts, the guarantees for heat rate and net output of the Complex to be achieved by the EPC Contractors were based on the aforesaid gas

specifications provided by the Gas Supplier. Such gas specifications were also incorporated into and formed the basis of the original Tariff Determination. By way of abundant caution the Petitioner secured confirmation of the Gas specifications from the Gas Supplier before making any payments to the EPC Contractors.

Subsequently, shortly after the execution of the EPC Contracts in February 2007, the gas specifications were revised by the Gas Supplier. This change of Gas specification has required a revision to the design of the Complex and the guarantees for net electrical output and heat rate to be modified accordingly, all of which has resulted in additional cost not accounted for in the original Tariff Determination. As a result thereof, the net output of the Complex (originally 171.483 MW) has increased to 176.655 MW) while the net heat rate of the Complex (originally 7154.8 kilojoules/ kWh) has increased to 7370 kilojoules/ kWh leading to overall decreased efficiency of the Complex from 50% to 48.84%. It should be noted that the net thermal efficiency of the Complex is still higher than that set out in the approved feasibility study for the Complex. For the reasons set out in this paragraph, the Petitioner requests an amendment to the original Tariff Determination in order to account for revised efficiency of the Complex resulting from the changed fuel consumption per kWh of net electrical output and increased net electrical output of the Complex as a result of the change in the gas specification by the Gas Supplier.

## **5. Cost of Gas Transmission Line**

The Petitioner is required to construct and operate a gas transmission pipeline having a length of 15 km from Mari Deep Well No. 6 to the Complex. In addition, the Petitioner is also required to lay a water pipeline for the project. In order to lay such pipelines, the Petitioner is required to obtain a 'Right of Way' amounting to approximately 18 km in length with a width of 15 meters, which aggregates to approximately 65 acres of land. It is important to ensure that said pipelines are laid within the project schedule and that such pipelines be kept as short as possible to avoid pressure drops during the life of the project. The estimated cost of this 'Right of Way' is US Dollars 0.5 million. The Petitioner has recent awarded contracts for the construction of the gas transmission pipeline at a cost of approximately US Dollars 5.5 million, while the back up gas metering system, including gas chromatograph, would cost approximately US Dollars 1.4 million. Accordingly, the aggregate cost associated with the pipelines is approximately US Dollars 7.4 million. The Petitioner submits that the Tariff Determination be modified to provide for additional costs amounting to US Dollars 1 million.

## **6. Fuel Costs for Testing and Commissioning**

The Petitioner is required to bear additional costs arising from testing and commissioning of the Complex as set out below:

(a) Under the Power Purchase Agreement (PPA), the Power Purchaser is only obliged to pay for the fuel component of the energy price for power generated during the testing and commissioning of the Complex. All associated costs of testing and commissioning (including fuel and power costs) prior to synchronization of the Complex are to be borne by the Petitioner. Such tests at full speed no load and all other tests prior to synchronization and initial loading are to be conducted on HSD owing to the design limitations of the combustion turbine. The total fuel cost of testing and commissioning, including for 20 days of reliability test run, amounts to US Dollars 5.5 million.

(b) In addition to (a) above, under the EPC Contracts the Complex is to be tested for 72 hours on HSD to precisely determine the performance of the Complex having the capability to operate on dual fuel at the required standard. The data collected during such tests is also critical if the fuel conversion options set out in the IA are to be implemented at any time in the future.

The cost impact of the aforesaid initial testing and commissioning under (a) above, after taking into account revenue from power generated, would be approximately US Dollars 5.5 million. The total fuel and energy requirement for testing and commissioning of the Complex under (b) above, on gas and HSD, which would enable the Petitioner to acquire all the required performance data for any fuel conversion in future is prudently estimated to be US Dollars 1.97 million. The original Tariff Determination provides an amount of only US Dollars 0.5 million for all testing and commissioning of the Complex envisaged in (a) and (b) above. It is submitted that the original Tariff Determination be modified to allow the Petitioner to recover the costs of testing and commissioning as set out above.

## **7. Start-up, Shut-down and the Loading Charges**

The heat content of low BTU gas, to be used as primary fuel for the Complex, has a heating value so low that it cannot be used for the start up of the gas turbine. Due to this technical limitation, the start up and initial loading of the gas turbine up to 10% of its output is accomplished by utilizing HSD. An identical process is followed for shut-down of the gas turbine, which also requires a fuel change over to HSD at about 10% load. Under the PPA a stipulated number of free startups is provided for which cannot be charged to the Power

Purchaser. The startup, initial loading and shut-down of the Complex entail additional costs (after taking into account the free start ups provided for in the PPA) which do not form part of the original Tariff Determination. Such additional costs are incurred in “combined cycle mode” and consist of consumption of HSD, auxiliary electricity for start up of the gas turbine, equivalent operating hours (EOH) and consumables. It is submitted that the original Tariff Determination be amended to incorporate additional costs as follows:

- (a) Hot Start = Pakistan Rupees 450,000
- (b) Warm Start = Pakistan Rupees 550,000
- (c) Cold Start = Pakistan Rupees 650,000

#### **8. Cost of Flared Gas due to Complex/System Disturbances**

Low BTU gas, being the primary fuel for the Complex, is to be supplied through a dedicated pipeline exclusively for the Petitioner. The length of the gas transmission line for the Complex is such that it cannot absorb the system or Complex load rejections and will therefore necessarily result in flaring of gas until the gas wells are shut-down safely. As the gas pipeline is for a single user, it is not possible to divert gas within a network to other users. Such flaring of gas adds additional financial burden on the Petitioner as the Gas Supplier will bill this flared gas quantity to the Petitioner pursuant to the GSA. The technical limits of the gas reservoir envisage at least 20-30 minutes for shut-down in accordance with internationally accepted petroleum and safety standards and gas will continue to be flared during this period of time. Similarly, grid system disturbances, sudden load fluctuations and internal or external faults would result in the flaring of gas for a longer period. The cost of such flared gas could vary, depending upon system disturbances. The original Tariff Determination contains no provision allowing the Petitioner to recover the cost of flared gas in the circumstances described above. It is submitted that the Tariff Determination be amended to allow the Petitioner to claim the amount of this flared gas on the basis of invoices to be received from the Gas Supplier.

#### **9. O&M Cost of the Gas Transmission Line**

Pursuant to the PPA, the gas transmission line falls within the definition of the Complex. The variable and fixed O&M costs in relation to the gas transmission line are not included in the original Tariff Determination. Such additional costs include those incurred by (1) continuous injection of additives in the gas transmission line to avoid corrosion, (2) HSD costs to ensure availability of the corrosion protection layer, (3) cost of scrapper pigs and (4) security/patrolling costs to ensure the safety of the gas transmission line. Based on the Petitioner’s negotiations with internationally reputed companies, the cost of all the arrangements for the integrity of the gas transmission line per year is estimated to be as under:

- (a) Cost of corrosion inhibitor and HSD = US Dollars 250,000
- (b) Cost of batch treatment & other preventive procedures and repair = US Dollars 165,000
- (c) Fixed cost of O&M staff including security = US Dollars 35,000

It is submitted that the original Tariff Determination be revised to make provision for the inclusion of the aforesaid costs.

## **10. Duties and Taxes on Import of Inventory/ Spare Parts**

The original Tariff Determination envisages payments of duties and taxes on the import of machinery, plant and equipment, at a fixed rate with any surplus being treated as a pass-through item as per Schedule 1 of the PPA. The original Tariff petition submitted by the Petitioner assumed that the same treatment would apply to spare parts obtained over the life of the project. The Tariff Determination states that general assumptions of the Petitioner not covered therein may be dealt with in the PPA in accordance with its standard terms. Based on this allowance, the Petitioner requested the Power Purchaser to allow the same treatment of duties and taxes on spare parts as applicable to other machinery, plant and equipment. The Power Purchaser, however, has not incorporated the said requirement in Schedule 1 to the PPA with regard to inventory and spare parts on the basis that this is not clearly addressed in the original Tariff Determination. It is therefore submitted that the original Tariff Determination be clarified to provide that reimbursement of all such duties and taxes would extend to inventory and spare parts as well.

## **11. Insurance**

### **A. Construction Phase Insurance**

As a result of the continuously increasing risk profile of the project, the Petitioner has had to incur additional costs for:

- (a) increased cost of premiums for existing insurance during the construction phase of the Complex; and
- (b) at the insistence of the Lenders, additional costs for procuring terrorism insurance, without which project funding would not have been made available by them

both in an aggregate amount of US Dollars 1.86 million. These costs were not anticipated at the time of the original Tariff Determination and did not, therefore, form part of the tariff petition. It is submitted that the original Tariff Determination be revised to cater for such increased insurance costs.

#### B. Operations Phase Insurance

Under the original Tariff Determination, the Petitioner has been allowed insurance costs during the operations phase of the project in an amount of 1% of EPC costs (US Dollars 1.437 million) with provision to increase this to 1.35% of EPC costs provided that suitable evidence thereof is provided. As the EPC costs have increased as a result of the matters set out in this Petition and may continue to increase until COD, the Petitioner requests that insurance costs be computed at the said permissible rates on the actual amount of EPC costs prevailing at COD.

### **12. Lenders' Arrangement Fee**

The Lender's arrangement fee remains the same percentage (i.e. 1%) of the amount of project cost. However, as a result of increase in project cost, on the basis of the matters set out in this Tariff Petition, together with future project cost increases/ adjustments (e.g. interest during construction and foreign exchange conversion) the amount of the Lenders' arrangement fee has increased and will continue to increase with project financing. It is submitted that the tariff determination in response to this Tariff Petition expressly provide for appropriate adjustments to be made to the Tariff Determination at or after COD to cater for such increased project costs and increased Lenders' arrangement fee.

### **13. Security Deposit**

At the time of the original Tariff Determination, the GSA had yet to be negotiated and executed. Under the terms of the GSA, the Petitioner is required to provide a 'Security Deposit' to the Gas Supplier equivalent to a four (4) month supply of gas, by means of a bank guarantee in an amount of approximately USD 16 million (at current gas prices). It is therefore submitted that the original Tariff Determination be revised to enable the Petitioner to absorb (i) the amount of bank commission payable on the guarantee; and (ii) collateral (other than project assets) to be provided by the Petitioner to secure such guarantee.

## 14. Foreign Equity

In accordance with the prevailing policies of GOP, the sponsors of the Petitioner reserve the right to hold all or any part of their equity investment in the Petitioner through an offshore company. In order to accommodate such requirement, the Petitioner requests that the original Tariff Determination be amended to allow the exercise of such right allowing the Petitioner's sponsors to hold all or any part of their shares in the Petitioner through an offshore company.

## 15. Indexation

The Petitioner requests that the Tariff be indexed (a) in accordance with the existing policies of the GOP and (b) in accordance with corresponding benefits and terms that have been made available by NEPRA to other independent power producers thereafter, on a non-discriminatory basis. The Petitioner submits that, in its view, the basis for such indexation is as follows:

<u>Capacity Change</u>	<u>Applicable Indexation</u>
Fixed O&M Foreign	US\$/ PKR Parity & US CPI
O&M Local	WPI
Cost of Working Capital	KIBOR
Insurance	US\$/ PKR Parity
Debt Service	KIBOR
ROE	US\$/ PKR Parity
ROEDC	US\$/ PKR Parity
 <u>Energy Change</u>	
Fuel Cost	Fuel Price
Variable O&M Foreign	US\$/ PKR Parity & US CPI
Variable O&M Local	WPI

## **16. One time COD adjustment**

The Petitioner seeks confirmation that the capital cost of the project be subject to one time adjustment at COD for the following items, thus resulting in a change in ROE, ROEDC and debt servicing:

- (a) US Dollar component of the project capital cost for actual exchange rate prevailing on the date of payment;
- (b) Changes in base rate (KIBOR) based on actual interest payments during construction;
- (c) Actual utilization of debt and equity;
- (d) Financial advisory fee (subject to a maximum of 1% of borrowing); and
- (e) Customs duties and taxes including the Federal Excise Duty on imports (at actuals).

## **17. Federal Excise Duty**

In 2007, 'Federal Excise Duty' (FED) at 1% of total value of the imports including plant and equipment to be imported for the Complex has been levied by the Government of Pakistan. The original Tariff Determination envisages only Customs Duty at the rate of 5% to be imposed on imports of plant, equipment, spares etc for the Complex. The Petitioner requests that the original Tariff Determination be amended to allow this additional 1% FED to be claimed as part of the cost of the project and be thereby eligible for one time adjustment of the Tariff in accordance with paragraph 16 above.

## **CHAPTER 4**

### **RELIEF SOUGHT**

In view of the facts and evidence provided herein and after the date hereof, the Petitioner appeals to the Authority to grant the following relief:

1. For the reasons set out in paragraphs (a) to (k) of paragraph 3 of Chapter 3 (inclusive) of it is submitted that the original Tariff Determination requires to be revised in order to reflect the amendments to the EPC Contracts as a result of which the contract prices thereunder stand increased by a cumulative amount of US Dollars 17,427,212 of which US Dollars 15,377,212 is attributable to the Offshore Contract and US Dollars 2,050,000 is attributable to the Onshore Contract price.
2. For the reasons set out in paragraph 4 of Chapter 3, the Petitioner requests an amendment to the original tariff to account for the reduced efficiency of the Complex resulting from higher fuel consumption per kWh of net electrical output and increased net electrical output of the Complex as a result of the change in the gas specification by the Gas Supplier.
3. For the reasons set out in paragraph 5 of Chapter 3, the Petitioner requests an amendment to the original Tariff Determination in order to account for the incremental cost associated with the pipelines amounting to approximately US Dollars 1 million.
4. For the reasons set out in paragraph 6 of Chapter 3, the Petitioner requests an amendment to the original Tariff Determination to account for the additional/ incremental costs of testing and commissioning amounting to approximately US Dollars 7 million.
5. For the reasons set out in paragraph 7 of Chapter 3, the Petitioner requests that the original Tariff Determination of the Authority be amended to allow the Petitioner full compensation for costs related to start ups as follows:
  - (a) Hot Start = Pakistan Rupees 450,000
  - (b) Warm Start = Pakistan Rupees 550,000
  - (c) Cold Start = Pakistan Rupees 650,000
6. For the reasons set out in paragraph 8 of Chapter 3, it is submitted that the original Tariff Determination be revised to allow the Petitioner to claim the cost of flared gas on the basis of invoices to be received from the Gas Supplier.

7. For the reasons set out in paragraph 9 of Chapter 3, it is submitted that the original Tariff Determination be modified to provide for the cost of all arrangements for the integrity of the gas transmission line per year which are estimated to be as under:
  - (a) Cost of corrosion inhibitor and HSD = US Dollars 250,000
  - (b) Cost of batch treatment & other preventive procedures and repair = US Dollars 165,000
  - (c) Fixed cost of O&M staff including security = US Dollars 35,000
8. For the reasons set out in paragraph 10 of Chapter 3, it is submitted that the original Tariff Determination be revised to provide that reimbursement of all duties and taxes would extend to inventory and spare parts.
9. For the reasons set out in paragraph 11 of Chapter 3, it is submitted that the original Tariff Determination be revised to provide that (a) increased insurance costs of US Dollars 1.86 million be allowed for construction phase insurance; and (b) that for the operations phase, insurance costs be computed at the permissible rates on the actual amount of EPC costs prevailing at COD.
10. For the reasons set out in paragraph 12 of Chapter 3, it is submitted that the original Tariff Determination be revised to provide for appropriate adjustments to be made to the Tariff Determination at or after COD to cater for increased project costs and increased Lenders' arrangement fee.
11. For the reasons set out in paragraph 13 of Chapter 3, it is submitted that the original Tariff Determination be revised to enable the Petitioner to absorb (i) the amount of bank commission payable on the guarantee to be submitted to the Gas Supplier; and (ii) collateral (other than project assets) to be provided by the Petitioner to secure such guarantee.
12. For the reasons set out in paragraph 14 of Chapter 3, it is submitted that the original Tariff Determination be amended to allow the exercise of rights available under GOP policies, allowing the Petitioner's sponsors to hold all or any part of their shares in the Petitioner through an offshore company.
13. For the reasons set out in paragraph 15 of Chapter 3, it is submitted that the original Tariff Determination be amended to allow the Tariff to be indexed (a) in accordance with the existing policies of the GOP and (b) in accordance with corresponding benefits and terms that have been made available by the Authority to other independent power producers thereafter, on a non-discriminatory basis in accordance with the illustrative table provided hereinabove.

14. For the reasons set out in paragraph 16 of Chapter 3, it is submitted that the Authority confirm that the capital cost of the project be subject to one time adjustment at COD for the items set out in said paragraph 16 and 17, thus resulting in a change in ROE, ROEDC and debt servicing.

### **Additional Relief**

In addition to the matters set out above, the Petitioner requests

- (i) an opportunity to present the matters set out in this Petition personally to the Authority, acting through its employees and consultants;
- (ii) the right to supplement and amend information and documents set out in and forming part of this Petition; and
- (iii) the right to provide further evidence in support of the matters set out in this Petition during the course of proceedings.

Where not otherwise expressly stated in this Petition, the Petitioner relies on and assumes the specific assumptions set out in the original Tariff Determination.

**CHAPTER 5**  
**COMPARATIVE SCHEDULE OF EXISTING TARIFF**  
**AND PROPOSED TARIFF**

**CONTENTS**

- I. Comparative Schedule of Relevant Existing Tariff Costs and Proposed Tariff Costs
- II. Comparative Schedule of Existing Tariff Table and Proposed Tariff Table

**I: COMPARATIVE SCHEDULE OF RELEVANT EXISTING TARIFF COSTS AND PROPOSED TARIFF COSTS**

	<b>EXISTING</b>		<b>PROPOSED</b>	
1.	EPC Cost	\$143.7 M	EPC Cost	\$164.2 M
2.	Non-EPC Cost	\$26.706 M	Non-EPC Cost	\$35.077 M
3.	Custom Duties	\$5.5 M	Custom Duties	\$5.5 M
	<i>To be calculated at COD on Actual basis</i>		<i>To be calculated at COD on Actual basis</i>	
	Cost Before IDC	\$175.906 M	Cost Before IDC	\$204.777 M
4.	IDC		IDC	
	<i>To be calculated at COD on Actual basis</i>		<i>To be calculated at COD on Actual basis</i>	
	<i>For Calculation Purposes</i>	\$20.566 M	<i>For Calculation Purposes</i>	\$20.566M
5.	Cost Including IDC	\$196.472 M	Cost Including IDC	\$225.346M

**II: COMPARATIVE SCHEDULE OF EXISTING TARIFF TABLE AND PROPOSED TARIFF TABLE**

Tariff Components	Existing		Proposed	
	Year 1-10	Year 11-25	Year 1-10	Year 11-25
Capacity Charge (PKR/kW/Hour)				
Fixed-O&M Foreign	0.0699	0.0699	0.0756	0.0756
Fixed-O&M Local	0.0699	0.0699	0.0756	0.0756
Insurance	0.0574	0.0574	0.0636	0.0636
Working Capital	0.0271	0.0271	0.0271	0.0271
Debt Service	1.0853	-	1.2084	-
Return on Equity	0.2943	0.2943	0.3379	0.3379
ROE during Construction	0.0206	0.0206	0.0206	0.0206
Total Capacity Charge	1.6245	0.5392	1.8088	0.6004
Energy Charge (PKR/kWh)				
Fuel Cost Component	2.0019	2.0019	2.0493	2.0493
Variable O&M- Foreign	0.1492	0.1492	0.1448	0.1448
Variable O&M- Local	0.0306	0.0306	0.0297	0.0297
Total Energy Charge	2.1817	2.1817	2.2238	2.2238

## CHAPTER 6

### Rule 3(2) (f) SUMMARY OF EVIDENCE (BRIEF PARTICULARS OF DATA, FACTS, EVIDENCE IN SUPPORT OF PETITION)

1. Delay in completion and execution of IA, PPA and GSA<sup>1</sup>

Reference/ Date	From/ To	Summary
PD/4316/D/PPA/WPPO/ January 23, 2007	Fauji Foundation/ WAPDA	Road map to overcome 44 problems with draft PPA.
NG(ii)16(1)/07-PPIB Vol 1/ February 23, 2007	MPNR/ PPIB	Outstanding issues on GSA.
C(CO2)/PPIB/07/F.Mari/LGL/ April 7, 2007	PPIB/ WAPDA	Comments on outstanding issue on PPA.
PD-4301/DK/GSA/DG Gas/ April 21, 2007	Petitioner/ MPNR	Outline of outstanding issues on GSA.
PD-4301/DK/GSA/ OGRA/ April 23, 2007	Petitioner/ OGRA	Outline of outstanding issues on GSA.
PD-4304/DK/IA/ April 24, 2007	Petitioner/ PPIB	Outline of outstanding issues on IA, PPA and GSA.
PD-4301/DK/GSA/MGCL/ April 24, 2007	Petitioner/ Gas Supplier	Outstanding GSA Issues.
INT/B-4007/11(182)/2007/ June 18, 2007	SBP/ Petitioner	Confirmation re: foreign currency accounts.
1(102)PPIB-1015/07/PRJ/ June 20, 2007	PPIB/ Petitioner	Approval of EPC Contractor.
July 4, 2007	Minutes of Energy Task Force- GOP Planning Commission	Decision on PPA and GSA matters.
NEPRA/R/TRF/48/FPCDL- 2006/2952/ July 6, 2007	NEPRA/ Petitioner	Consents/ approval.
2(299)PPIB/TS/07/FIN/ July 7, 2007	PPIB/ Petitioner	Consent to offshore shareholding in the Petitioner.
1(102)PPIB/1015/07/PRJ/ July 11, 2007	PPIB/ Petitioner	Decisions on GSA.
PII-3(127)/2007/ July 26, 2007	MWP/ WAPDA & PPIB	Resolution of outstanding GSA issues.
PD-4304/DK/NEPRA/ August 30, 2007	Petitioner/ NEPRA	Conformity of PPA with Tariff.
2(299)/PPIB/FC/FIN/ September 8, 2007	PPIB/ Petitioner	Confirmation of financial closing under IA.
NEPRA/R/TRF-48/FPCDL- 2006/3535-36/ September 9, 2007	NEPRA/ Petitioner	PPA consent issue.

<sup>1</sup> These establish delay for reasons not attributable to the Petitioner or the EPC Contractors and are, therefore, relevant to the matters set out in Chapter 3.

OGRA/8(75)/2007/ September 12, 2007	OGRA/ Gas Supplier	OGRA approval of GSA.
-------------------------------------	--------------------	-----------------------

## 2. Reservoir Risk and Other Issues

NG(ii)16(1)/07-PPIB Vol 1/ February 23, 2007	MPNR/ PPIB	Outstanding issues on GSA.
PD-4301/DK/GSA/DG Gas/ April 21, 2007	Petitioner/ MPNR	Outline of outstanding issues on GSA.
PD-4301/DK/GSA/ OGRA/ April 23, 2007	Petitioner/ OGRA	Outline of outstanding issues on GSA.
PD-4304/DK/IA/ April 24, 2007	Petitioner/ PPIB	Outline of outstanding issues on IA, PPA and GSA.
PD-4301/DK/GSA/MGCL/ April 24, 2007	Petitioner/ Gas Supplier	Outstanding GSA Issues.
July 4, 2007	Minutes of Energy Task Force- GOP Planning Commission	Decision on PPA and GSA matters.
1(102)PPIB/1015/07/PRJ/ July 11, 2007	PPIB/ Petitioner	Decisions on GSA.
F.56(CF).I/2007/08/ July 25, 2007	Finance Div./ MPNR	Treatment of payments for reservoir risk.
PII-3(127)/2007/ July 26, 2007	MWP/ WAPDA & PPIB	Resolution of outstanding GSA issues.
July 28, 2007	MWP/ PPIB	Decision on Reservoir Risk.

## 3. EPC Contractor Claims

April 30, 2007	EPC Contractor/ Petitioner	Pre-claim letter.
April 30, 2007	EPC Contractor/ Petitioner	Pre-claim letter.
October 12, 2007	Petitioner/ EPC Contractor	Amendment to Offshore Contract.
October 12, 2007	Petitioner/ EPC Contractor	Amendment to Onshore Contract.
November 2006 & September 2007	Korean Exchange Bank	Disclosure Exchange Rates for relevant currencies.
November 2006 & September 2007	London Metal Exchange	Copper Index.
November 2006 & September 2007	EPC Contractor	Relevant indices for plate, tube, pipe and structure.
November 19, 2006 until September, 2007]	Petitioner/ EPC Contractor	Bank remittance/ payment instructions showing pre-NTP payments to EPC Contractor.
November 2006 to September 2007	Baltic Dry Exchange	Baltic Dry Index.
November 2006 and September 2007	GOP	Local Price Index of Raw Materials

#### 4. Non- EPC Claims

MG/348/FF dated 17 February 2005	Gas Supplier/ Petitioner	Intimation of gas specifications.
MG/ 348/FF dated 14 November 2006	Gas Supplier/ Petitioner	Confirmation of gas specifications.
OPS-585/GSA-2 dated 14 February 2007	Gas Supplier/ Petitioner	Revision of gas specifications.
MG/OPS-585/GSA dated 20 March 2007	Gas Supplier/ Petitioner	Confirmation of revision of gas specifications.
No 1(102)PPIB-1015/07/PR dated 23 May 2007	PPIB	PPIB minutes of meeting.
Gas Supply Agreement dated 17 September 2007	Annex B to GSA	Details of flared gas.
Layout Map of Wells and Pipelines, Mari Gas Field Daharki	Petitioner	Map of gas and water pipelines.
Gas Supply Agreement dated 17 September 2007	Extract from GSA	Provision requiring maintenance of security deposit.