



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(TRF)/TRF-572/CPPA-G-2021/4131-4133

March 18, 2022

Subject: Determination of the Authority in the matter of Petition filed by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for Determination of Market Operation Fee for the FY 2021-22 (Case No. NEPRA/TRF-572/CPPA-G-2021)

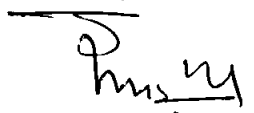
Dear Sir,

Please find enclosed herewith the subject Determination of the Authority (46 Pages) in Case No. NEPRA/TRF-572/CPPA-G-2021.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

3. The Order Part along with summary of directions of the Authority of the instant Determination is to be notified in the official Gazette.

Enclosure: As above


18 03 22
(Syed Safeer Husasain)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

National Electric Power Regulatory Authority

(NEPRA)

DETERMINATION OF MARKET OPERATION FEE FOR THE FY 2021-22

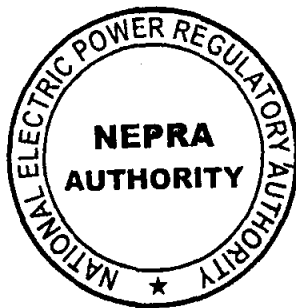
UNDER

NEPRA TARIFF STANDARDS & PROCEDURE RULES - 1998

OF

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED (CPPA-G)

March¹⁸, 2022



**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED (CPPA-G) FOR
DETERMINATION OF MARKET OPERATION FEE FOR THE FY 2021-22**

CASE NO. NEPRA/TRF-516-2021

PETITIONER

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)

Shaheen Plaza, 73-West, Blue Area, Islamabad.

INTERVENER

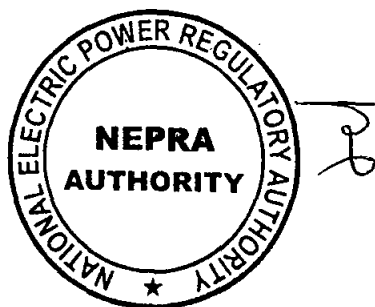
NIL

COMMENTATOR

NIL

REPRESENTATION

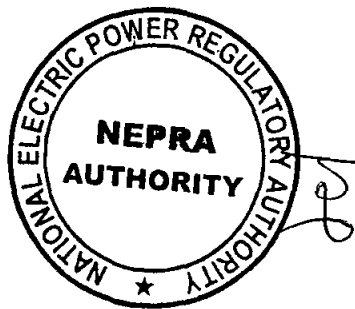
- Chief Financial Officer
- DG HR and Admn.
- Technical & Finance Team



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ABBREVIATIONS

| | |
|--------|---|
| CPPA-G | Central Power Purchasing Agency (Guarantee) Limited |
| MoF | Market Operator Fee |
| FY | Financial Year |
| GOP | Government of Pakistan |
| MoE | Ministry of Energy |
| NTDCL | National Transmission & Despatch Company Limited |
| GWh | Giga Watt Hours |
| KV | Kilo Volt |
| Kw | Kilo Watt |
| kWh | Kilo Watt Hour |
| MW | Mega Watt |
| NEPRA | National Electric Power Regulatory Authority |
| O&M | Operation and Maintenance |
| PEPCO | Pakistan Electric Power Company |
| SRO | Statutory Regulatory Order |
| T&T | Transmission and Transformation Losses |



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1. Background

- 1.1 CPPA-G, hereinafter called "the Petitioner", filed petition for determination of its Market Operator Fee (MoF) for the FY 2021-22, FY 2022-24 and FY 2023-2024 in terms of Rule 3 of the NEPRA Tariff Standards & Procedure Rules-1998 ("the Rules") and in line with the Chapter 11 of the approved Commercial Code.
- 1.2 The Petitioner prayed the following in its Petition.
- i. The Authority may very graciously approve the Market Operation Fee @ Rs.5.036 per kW / Month for FY 2022, Rs.2.854 per kW / Month for FY 2023 and Rs.2.968 per kW / Month for FY 2024.
 - ii. The Authority is requested to allow the actualization of expenditure based on the audited financial statements of FY 2022-24, when available.
 - iii. The Authority may allow immediate application of above mentioned Market Operations Fee under Sub-Rule 7 of Rule 4 of the NEPRA (Tariff Standards and Procedures) Rules, 1998.
 - iv. Any other relief which the Authority deems fit in the circumstances may also be granted.

2. Proceedings

- 2.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority. While admitting the same, the Authority considered Petitioner's request for the immediate application of the proposed fee, under rule 4 (7) of the Rules, noted that market operator fees determined by the Authority for the FY 2020-21 is already being charged by the Petitioner during the period under consideration, therefore, the request of the Petitioner for immediate application of the proposed fee is not logical and does not merit consideration.
- 2.2 Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.3 The notice of admission / hearing was published in the newspapers on October 27, 2021 whereby hearing in the matter was scheduled on November 10, 2021 through ZOOM. Separate notices of admission and hearing were also sent to the interested parties under Rule 4(5)(6) of the Tariff Rules 1998. Comments/Replies and filing of intervention request; if any, were desired from the interested parties within 7 days of the publication.



matter?
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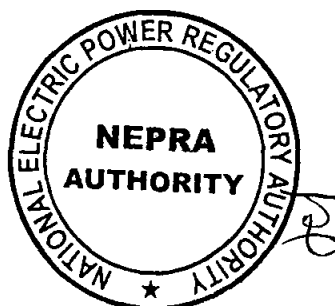
3. Filing of objections/ comments:

- 3.1 In response to the notice of hearing, neither any Intervention nor any comments were received.

4. Issues of the Hearing

- 4.1 On the basis of the pleadings, following issues were framed to be considered during the hearing and for presenting oral and documentary evidence;

- ✓ Whether the petitioner has complied with the directions of the Authority given in the earlier market operation fee determination?
- ✓ Whether the control period for MYT petition is justified?
- ✓ To provide complete details/justification for future recruitment, along-with their proposed JDs etc., and about the prospective benefits of such recruitments?
- ✓ Whether the requested General Establishment Cost is justified?
- ✓ Whether the amount requested for hiring of the services of international and local consultants is justified? CPPA-G to provide complete rationale/justification and ToRs in this regard.
- ✓ Whether the remaining requested Administrative Costs, Office Operations, Services & Maintenance, Insurance & Finance Charges are justified?
- ✓ Whether the requested capital expenditure is reasonable and justified?
- ✓ What is actual amount of investment incurred vis-à-vis allowed?
- ✓ Whether the requested Prior Year Adjustment and Other Income is justified?
- ✓ Whether the request of the Petitioner to actualize (upwards/downwards) administrative costs based on financial statement of the relevant years is justified?
- ✓ Whether the additional amount of Rs.630 million regarding Market Operator Functions i.e. HR, Training & Capacity building and I.T etc. for FY 2021-22 is justified? CPPA-G to provide complete rationale/justification in this regard.
- ✓ Whether market operation fee includes any penalties and legal charges?
- ✓ Any other issue that may come up during or after the hearing.



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5. **Hearing**

5.1 The hearing in the matter was held on November 10, 2021 at NEPRA Tower Islamabad which was attended by the Petitioner and other stakeholders i.e. media, general public etc.

5.2 On the basis of the pleadings, record/evidence produced during the course of hearing and afterwards, the issue-wise findings of the Authority are given hereunder:

6. **Whether the petitioner has complied with the directions of the Authority given in the earlier market operation fee determination?**

6.1 The Authority gave certain directions to the Petitioner in its MoF determination for the FY 2019-20, which have been discussed hereunder. However, directions for which a specific issue has also been framed, have been discussed under the relevant issue;

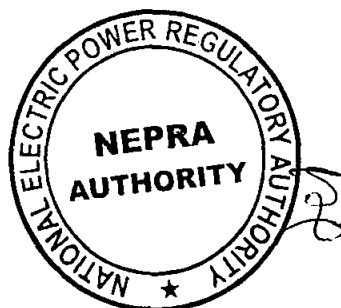
6.2 **Submit its Power Purchase Price (PPP) forecast report updated every year after accounting for upcoming addition in Generation, changes in demand pattern, and other variables like exchange rate parity, changes in local/ US CPIs, LIBOR/ KIBOR etc., for consideration of the Authority.**

6.2.1 The Petitioner during the hearing submitted that Power Purchase Price (PPP) forecast report for the period from FY 2022-30 has been shared with Authority vide letter dated June 14, 2021.

6.2.2 The Authority observed that although CPPA-G has submitted its Power Purchase Price (PPP) forecast for the FY 2022-30, however, PPP references are required to be updated periodically in order to cater for the impact of upcoming addition in Generation, changes in demand pattern, and other variables like exchange rate parity, changes in local/ US CPIs, LIBOR/ KIBOR etc. In view thereof, CPPA-G is directed to submit its PPP forecast report updated every year after accounting for the aforementioned variables, for consideration of the Authority.

6.3 **Continue sharing its HR development progress at the end of each quarter and also include therein department wise detail of employees, functions being performed by each department and plans for future recruitment, if any, along-with their proposed JDs etc. in its HR Report.**

6.3.1 The Petitioner submitted that it has submitted its HR Report. The Authority noted that the HR Progress Report submitted by the Petitioner was for the quarter Apr.- Jun. 2021, therefore, the Petitioner is again directed to continue sharing its HR development progress at the end of each quarter and include therein department wise detail of employees, functions being performed by each department and plans for future recruitment, if any, along-with their proposed JDs etc. in its HR Report.



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6.4 Provide composition of its Board of Directors, with brief profile of each member, basis of their appointment and their roles and responsibilities.

6.4.1 The Petitioner provided detail of its board Members and submitted that it has ten Board Members with Secretary Ministry of Energy (MoE) as the Chairman, five members in their capacity as ex-officio members representing Ministry of Finance, GENCO Holding, IESCO, NTDC and MoE, and three independent directors. Further, CEO CPPA-G / Addl. Secretary Power Division is also member of the Board. The Petitioner also shared brief profile of each Member and their date of appointment.

6.5 Ensure provision of monthly information to the Authority in terms of energy generated, energy, capacity & other charges, and payments etc. as per the prescribed formats, already shared with the Petitioner, including Fuel stocks held at each Power Plant on monthly basis. CPPA-G is also directed to submit complete details for deviation from EMO, showing hourly generation along-with financial impact for deviation from EMO, and the reasons thereof, in coordination with NPCC, and within the given timelines, as also directed by the Authority in the monthly FCA decisions, while submitting the monthly FCA data.

6.6 CPPA-G is also directed to submit complete details for deviation from EMO, showing hourly generation along-with financial impact for deviation from EMO, and the reasons thereof, in coordination with NPCC, while submitting the monthly FCA data.

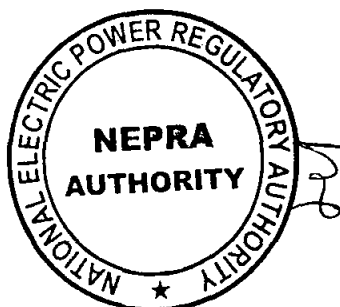
6.7 Provide party wise breakup of amounts payable & receivables as per the following format on monthly basis, in addition to the monthly circular debt reporting as per the agreed formats.

6.8 Provide monthly report regarding LDs imposed on Generation Companies along-with reasons specifically pursuant to Section 9.4(b)(iii) and (c) of the 2002 Power Policy PPAs.

6.8.1 The Petitioner during the hearing, while referring to its various correspondence, submitted that it is regularly sharing Energy & Capacity information with the Authority.

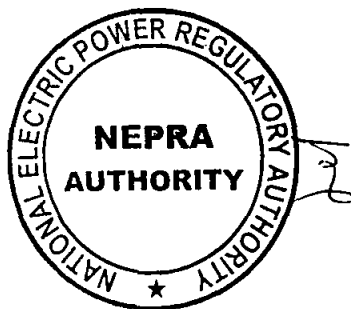
6.8.2 The Authority observed that the Petitioner provides the plant wise energy generation and fuel costs data in its monthly FCA requests, however, for other details i.e. plant wise capacity charges and cost billed to DISCOs, CPPA-G is not fully complying with the direction, as the information is provided on quarterly basis instead of monthly basis. For other details i.e. payments made, LDs imposed etc., no information has been submitted by CPPA-G.

6.8.3 Similarly, details in terms of deviation from EMO, showing hourly generation along-with financial impact for deviation from EMO, and the reasons thereof, in coordination with NPCC, while submitting the monthly FCA data, CPPA-G has



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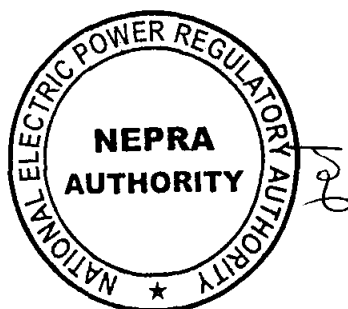
- started submitting such reports, however, the same does not comply with the directions and format as required by NEPRA. Likewise, the party wise breakup of amounts payable & receivables as per the agreed formats, in addition to the monthly circular debt reporting is not being provided.
- 6.8.4 In view thereof, the Authority again directs CPPA-G to ensure compliance of the Authority's direction in letter and spirit and within the given timelines, failure of which may lead to initiation of legal proceedings against CPPA-G.
- 6.9 **To finalize the agreement with NTDC without further delay and submit a copy of the final agreement with NTDC not later than September 30, 2021.**
- 6.10 **Submit monthly reconciliation report of the T&T losses with NTDC.**
- 6.10.1 The Authority had been directing the Petitioner in its earlier Market Operation Fees determinations and also for the FY 2020-21, to finalize the agreement with NTDC regarding losses being incurred in excess of the Authority's allowed limit, without further delay and submit a copy of the same to the Authority by 30.09.2021.
- 6.10.2 The Petitioner during the hearing submitted that UoSC / T&T losses agreement is to be executed with NTDC, as per the Grid Code, 2015. NTDC is required to execute Connection Agreements with the DISCOs & K-Electric prior to the preparation and execution of the UoSC / T&T losses agreement. A draft UoSC/ T&T losses agreement has been prepared and after the connection agreement by NTDC, the UoSC/T&T losses agreement would also be finalized.
- 6.10.3 The Authority observed that NTDC vide letter dated 28.12.2021 has submitted the following regarding finalization of agreement by CPPA-G with NTDC.
- ✓ Formal agreement for treatment of excess losses (as per the directions of NEPRA) is yet to be executed between NTDC and CPPAG. In the absence of such finalized agreement and mechanism thereof, the unilateral deduction on account of excess losses is not justified. NTDC disagrees with the submission of CPPA-G vide para 25.1 of the CPPAG Market Operation Fee Determination that "understanding on the issue is clear between CPPA-G and NTDC. Fuel cost payments (whether excess or not) of Generation licensees are the payment obligation of power purchaser (i.e. CPPA-G) and NTDC has no contractual liability on its part to pay for same. Moreover, these two entirely different financial transactions (i.e. NTDC Use of System Charges & T&T loss deduction) cannot be interchangeably adjusted against each other in absence of any agreement. Any such inappropriate adjustment is without merit.
 - ✓ It is important to refer to Para 25.2 of NEPRA's determination for CPPA-G which clearly states that the Authority is of view that impact of any losses incurred by NTDC over and above the Authority 's allowed target of T& T losses, cannot be passed on to the consumers. The burden of the same has to be borne by NTDC. In the light of above, NTDC is only responsible for the kWh loss in its 500 & 220kv network exclusively.



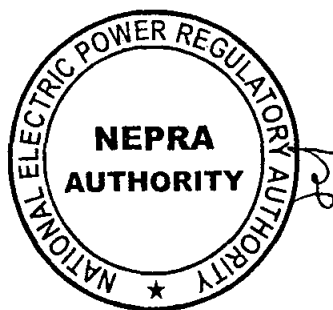
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Nevertheless, the CPPA-G working doesn't reflect this understanding and NTDC has been burdened with disallowed costs (not related to the 500 & 220kV Network).

- ✓ NTDC also contests the "assumptions" in Units Allowed" values undertaken by CPPA-G from the NEPRA FCA decisions and highlights the need for reconciliation between CPPA-G and NTDC on the matter. Further, as per NEPRA Tariff Determinations, the NTDC T&T losses limit is an annual target rather than a monthly limit. In NTDC's view, the CPPA-G month-wise calculations for excess losses are in violation of this principle. It is important to highlight the example of CPPA-G calculations for FY2020, wherein NTDC has been charged month-wise for a total of 228,343.228 kWh excess units, whereas, the CPPA-G own annual calculations reflect only an excess of 100.164497 kWh units. As a result NTDC has been charged for more than twice the excess loss units in FY 2020 due to this distorted calculation.
 - ✓ As per the CPPA-G working for excess loss calculation, the avg. basket cost of PPP per excess unit for FY 2020 comes out to be Rs.15.076/kWh. Whereas, the avg. PPP cost per unit has never exceeded Rs.7.368/kWh in the NEPRA FCA decisions for corresponding months of FY 2020. This calculation of CPPAG is incomprehensible, and it is unjustified to charge the PPP rate of RFO/HSD for losses at 500 & 220kv level when a major portion of cheaper Hydel and Natural Gas generation is connected with NTDC 500 & 220kV network.
 - ✓ PMLTC 660kv HVDC transmission line has been connected with NTDC Grid and has been allowed a loss limit of 4.3%. Under the present mechanism, there is no mechanism to separately treat the kWh losses in 660kV HVDC system which are within the allowed limit of NEPRA. Any losses of HVDC (even which are within limits) get considered as "transmission losses" (and hence added to NTDC kWh losses) by CPPAG and NTDC gets unfairly charged for the same.
- 6.10.4 In view of the aforementioned submissions of NTDC and also during the FCA hearing of November 2021, the Authority again directs CPPA-G to resolve the issue completely by June 30, 2022 and update the status to the Authority accordingly.
- 6.11 Regarding Market Transactions Audit as required under clause 11.2 of the Commercial Code, the Authority directs CPPA-G to submit the ToRs for conducting the Market Transactional Audit for approval of the Authority and carry out the Market Transactional Audit according to the approved ToRs and submit the report to the Authority.
- 6.12 Submit compliance status on "Terms and Conditions" of its Registration.
- 6.12.1 The Petitioner on the point of Market Transaction Audit submitted that these are covered under the annual statutory audit of CPPA-G by the independent external A-rated Chartered accountant audit firm and the Audit report for the year ended 30.06.2020 has been shared with the Authority. Regarding Terms & Conditions of Registration, the Petitioner submitted that it complied the same.



- 6.12.2 Regarding Market Transactions Audit as required under clause 11.2 of the Commercial Code, the Authority again directs CPPA-G to carry out the Market Transactional Audit according to the Authority's approved ToRs and submit the report to the Authority. Similarly compliance status on "Terms and Conditions" of its Registration be also submitted.
- 6.12.3 The Authority has further decided to take-up the issue of compliance of the Commercial Code and Terms & Conditions of Registration with CPPA-G separately.
- 6.13 **Share detailed plan for complete digitization of whole record, invoices as well as correspondence since the start of each Project along-with timelines.**
- 6.13.1 The Petitioner during the hearing submitted that currently, the record is automatically digitized after implementation of exchange portal, however the digitization of old record is under process.
- 6.13.2 The Authority appreciates the efforts of the Petitioner, but also directs it to complete the digitization of old record at the earliest.
- 6.14 **Provide details of all legal cases against various entities including international arbitrations and their status and also those cases filed against NEPRA since July 2015 on the format.**
- 6.14.1 The Authority observed from the Capacity costs billed by CPPA-G to DISCOs that CPPA-G reflects the costs incurred on account of legal fees/ litigation charges in such capacity charges. The Authority accordingly directed CPPA-G to make these legal costs as part of its market operation fees and the same shall be got approved from the Authority.
- 6.14.2 The Petitioner during the hearing submitted that compliance to the Authority's direction has been made vide letter March 26, 2021.
- 6.14.3 The Authority understands that the legal fees incurred by CPPA-G not only includes charges on account of litigation carried out by CPPA-G on behalf of DISCOs but also includes costs incurred for litigation against various IPPs/ Generation companies regarding Capacity charges disputes, suits filed against NEPRA, arbitration carried out in international courts etc., therefore, CPPA-G is the concerned entity to provide all the relevant details in this regard. CPPA-G although has submitted details of its court cases, including International Arbitration, however, for the court cases in Pakistan, detail of legal fee is missing. Similarly, monthly report regarding LDs imposed on Generation Companies along-with reasons is not being provided.
- 6.14.4 In view thereof, CPPA-G is again directed to ensure provision of details of all legal cases against various entities including international arbitrations and their status and also those cases filed against NEPRA as per below sample / format:



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| Sr. | Party | Case Initiation date | Court where case has been filed | Nature of Case | Quantum of Amount | Legal Fees |
|-----|--------------|----------------------|---------------------------------|--------------------------|-------------------|---------------|
| 1 | Orient Power | 06-Jun-18 | London, CIA | Capacity charges dispute | Rs.100 Million | Rs.10 Million |
| | | | | | | |

6.14.5 The Authority accordingly directs CPPA-G to make these legal costs as part of its market operation fees and the same shall be got approved from the Authority.

6.14.6 In addition to above, monthly report regarding LDs imposed on Generation Companies along-with reasons specifically pursuant to Section 9.4(b)(iii) and (c) of the 2002 Power Policy PPAs be submitted to the Authority.

7. Whether the control period for MYT petition is justified?

7.1 The Petitioner has filed request for Market Operation Fee under the MYT Regime for a period of 3 years i.e. from July 2021 till June 2024.

7.2 The Authority observed that as per the certificate of Registration issued to CPPA-G on November 16, 2018, the Terms of Commencement of Registration is for 5 year commencing from May 28, 2018. Thus, the Registration of CPPA-G expires on May 27, 2023. Further, as explained by CPPA-G during hearing of the instant Petition, CTBCM will be functional w.e.f. 01.05.2022, whereby MO function would be separated from the existing functions of CPPA-G.

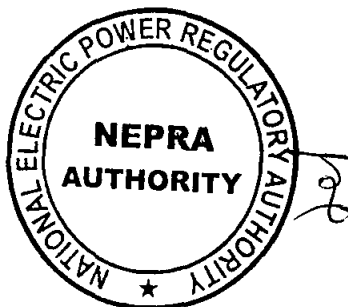
7.3 The spirit of Multi Year Tariff (MYT) is to provide predictability in tariff and cash flows not only for the Petitioner but also to the consumer, therefore, keeping in view the facts that Registration of CPPA-G is only till May 2023, and going forward MO function would be separated from CPPA-G's existing function, the Authority has decided to approve the instant tariff petition only for a period of one year i.e. FY 2021-22. CPPA-G may file Multi Year Tariff Petition once both CPPA-G and MO functions are legally separated and a clear break-up of costs and manpower is available for both the organizations. In view thereof, the Authority has decided to treat the instant MYT Petition of CPPA-G as a single year Petition and CPPA-G is directed to file the MYT petition after segregation of MO Function and keeping in view its Registration.

8. Whether the requested General Establishment Cost is justified?

9. To provide complete details/justification for future recruitment, along-with their proposed JDs etc., and about the prospective benefits of such recruitments?

10. Whether the amount requested for hiring of the services of international and local consultants is justified? CPPA-G to provide complete rationale/justification and ToRs in this regard.

10.1 The Petitioner has requested the following amounts under the head of General Establishment costs in its Petition for the FY 2021-22 till FY 2023-24;

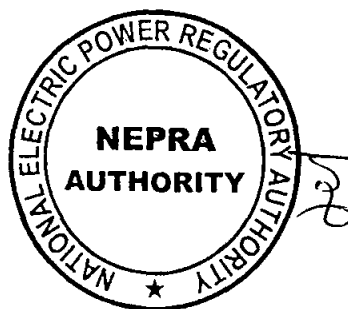


| Description | FY 21 | FY 22 | FY 23 | Min. Rs. FY 24 |
|--|------------|------------|------------|-------------------|
| | Allowed | | Requested | |
| Pay & Allowances | 473 | 455 | 655 | 713 |
| Employee Benefits (PF, Grauity,EOBI,GLI,Medical Facility & etc) | 82 | 86 | 124 | 133 |
| Bonus (Yearly Based on BoD Approval) | 21 | 38 | 55 | 59 |
| New Hiring Cost including benefits (Calculated for 3-6 Months Only) | 15 | 73 | - | - |
| Trainings and Capacity Building | 2 | 7 | 8 | 9 |
| Consultancy Services | 21 | 11 | 10 | 11 |
| Total | 613 | 670 | 852 | 926 |

- 10.2 Regarding the General Establishment Cost, CPPA-G has stated that it consist of cost associated with pay & allowances and other benefits of the employees, Training and Capacity Building cost and cost regarding consultancy services.

Pay & Allowances

- 10.3 The Petitioner submitted that pay and allowances for FY 2022, FY 2023 & FY 2024 are proposed at Rs.455 million, Rs.655 million & Rs.713 million against the allowed figure of Rs.473 million for the FY 2020-21. Regarding assumption for future projections of Pay & Allowances for the FY 2021-22 to 2023-24, the Petitioner submitted that the same has been projected after applying yearly 10% increase over "Actual Basis pay" of each employee for the period of April 2021 and keeping in view "pay scales structure" already approved by the BoD.
- 10.4 The Petitioner afterwards further submitted that since the Inception of CPPA-G in 2016, there were 366 sanction position at the time of shifting of operation from Lahore to Islamabad and only 233 employees joined CPPA-G. The sanction positions of CPPA-G decreased from 366 to 233 from (36% Decrease) from year 2016 to 2021 after restructuring of CPPAG and the introduction of New IT Initiatives (ERP, Submission of Online Invoices, CDXP), moreover working strength of CPPAG was only 181 out of 233 (22% less).
- 10.5 It has been submitted that CPPA-G also stated that the Projects which are commissioned till 2016 are 84 Projects and after 2016 till to date, 34 more projects have been commissioned, which is almost (40% Increase in commissioned projects with reduced manpower). Moreover, the projects which are under development phase are 214 power projects, comprising of Hydel 75, Solar 79, Wind 34, Bagasse 25 and Coal 01. CPPA-G further submitted that it is not requesting for any additional manpower, but basic purpose is to provide core professional staff for smooth functioning of business operations from already sanctioned positions. It also stated that 17 professionals, out of 69 Vacant Positions have been hired from July 2021 and 52 Positions are still lying out of 69 Vacant.
- 10.6 CPPA-G shared the following detail of employees hired during the FY 2021-22;

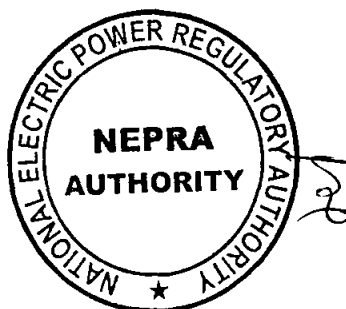


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| Sr. No | Position | Name | Hiring Date |
|--------|---|--------------------------|-------------|
| 1 | Manager Technical | Mr. Mian Atif Rafique | 1-Jul-21 |
| 2 | Manager Technical | Mr. Ahmed Sajjad | 1-Jul-21 |
| 3 | Assistant Manager Technical | Hamza Aman | 24-Sep-21 |
| 4 | Assistant Manager Technical | Ahsan Jamil | 23-Nov-21 |
| 5 | Assistant Manager Policy & Planning | Mr. Salm Ali | 20-Sep-21 |
| 6 | Assistant Manager Policy & Planning | Mr. Asad Mumtaz | 1-Oct-21 |
| 7 | Assistant Manager Legal | Mr. Zunair Seemab | 1-Nov-21 |
| 8 | Assistant Manager | Mr. Alirza Ali Shan Biag | 12-Oct-21 |
| 9 | Senior Graphic Designer AM | Mr. Saadullah Javaid | 1-Nov-21 |
| 10 | Software Engineer (Dot Net Developer) | Ms. Sadaf Malik | 1-Nov-21 |
| 11 | Software Engineer (Oracle Developer) | Ms. Ammama Farrukh | 1-Oct-21 |
| 12 | Assistant Manager Finance CA/BA&O | Mr. Mannan ul Haque | 13-oct-21 |
| 13 | Assistant Manager Finance CA/BA&O | Mr. Tanveer Saqib | 13-Oct-21 |
| 14 | Assistant Manager Finance CA/BA&O | Mr. Aqib Ata Zahid | 13-Oct-21 |
| 15 | Assistant Manager Finance CA/BA&O | Mr. Abudillah Rafi | 13-Oct-21 |
| 16 | Assistant Manager Finance CA/BA&O | Mr. Adeel Sikandar | 1-Nov-21 |
| 17 | Assistant Manager Corporate Communication | Mr. Shoaib | 4-Nov-21 |

Employee Benefits & Bonus

- 10.7 The Petitioner under the head of employee's benefits has stated that the employee's benefits head consist of provident fund, gratuity, earned leaves, EOBI, GLI, medical benefits, overtime and Honoraria. The Petitioner submitted that employees' benefits are projected around Rs.86 million for FY 2022, Rs.124 million for FY 2023 & Rs.133 million for FY 2024, keeping in view the "pay scales structure" already approved by the BoD and accordingly requested to approve the same in the head of Pay & Allowance of the Employees for FY 2021-22 to 2023-24. The Petitioner in support of its claim, provided employee wise detail along-with their pay and allowances and other benefits including employees hired during the FY 2021-22.
- 10.8 The Authority while reviewing the data provided by the Petitioner noted that the requested pay & allowances costs also included the salary of employees who have either resigned from CPPA-G or have been deputed back to NTDC i.e. their parent entity. Further, out of 17 new hired employees, 05 employees were already working in CPPA-G, who have been upgraded / rehired and accordingly shown under new hiring.
- 10.9 In view thereof, the Authority after excluding the pay & allowances and other benefits of employees who resigned or deputed back from CPPA-G, and applying thereon the increases on pay and allowances for the remaining employees, the amount of Pay & Allowances works out as Rs.444 million for the FY 2021-22, against requested amount of Rs.455 million. The same is hereby allowed to the Petitioner for the FY 2021-22. Similarly, amount of employee benefits has also been worked out in similar manner and the same comes out as Rs.83 million for the FY 2021-22, which is hereby allowed to the Petitioner for the FY 2021-22.
- 10.10 Regarding Bonus, the Authority has decided to allow one month basic salary for the FY 2021-22, which works out as Rs.21.551 million, against the requested amount of Rs.38 million.



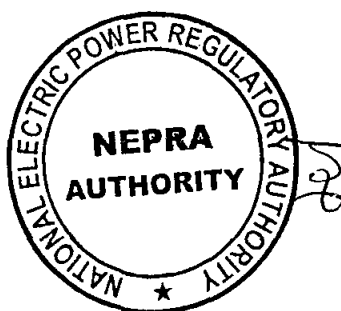
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New Hiring

- 10.11 Regarding new hiring, the Petitioner has requested an amount of Rs.73 million by submitting that its HR department plans to fill 69 vacant positions in various departments and the proposed hiring would be completed by the end of March 2022. The projected pay and allowance are based on 3 to 6 months salaries. Accordingly, the Petitioner has requested to allow an amount of 73 million for new hiring in the FY 2021-22.
- 10.12 The Petitioner stated that it has already inducted 17 employees in the FY 2021-22 and plans to induct the remaining 52 employees in the FY 2021-22 as detailed below;

| Sr. No. | Nomenclature of Post | CPPA-G Grade | Vacant | Sr. No. | Nomenclature of Post | CPPA-G Grade | Vacant |
|---------|---|--------------|--------|--------------|---|--------------|-----------|
| 1 | Chief Executive Officer | G-11 | 1 | 21 | Technical Assistant | G-05 | 1 |
| 2 | Asstt. Manager | G-06 | 1 | 22 | Manager (Finance) / Manager (C.A) | G-09 | 1 |
| 3 | Deputy Manager (Policy & Planning) | G-08 | 1 | 23 | Manager (Taxation) | G-09 | 1 |
| 4 | Dy. Manager (Market Simulation & Forecasting) | G-08 | 1 | 24 | Dy. Manager (Fin)/ Sr. B&AO | G-08 | 2 |
| 5 | Asstt. Manager (Market & Simulation) | G-06 | 1 | 25 | Assistant Manager (Finance) / Accounts Officer | G-06 | 3 |
| 6 | Asstt. Manager (Finance) | G-06 | 1 | 26 | Accounts Assistant | G-05 | 2 |
| 7 | Asstt. Manager (Environmental Studies) | G-06 | 1 | 27 | Asstt. Manager (Information System / Analytics) | G-06 | 2 |
| 8 | Asstt. Manager (Economics Studies) | G-06 | 1 | 28 | Software Engineer (Oracle Developer) | G-06 | 1 |
| 9 | Sr. Technical Assistant | S-01 | 1 | 29 | Software Engineer (Java Developer) | G-06 | 1 |
| 10 | Deputy Manager | G-08 | 1 | 30 | Software Engineer (Dot Net Developer) | G-06 | 1 |
| 11 | Office Assistant | G-05 | 1 | 31 | Manager (Legal) | G-09 | 1 |
| 12 | Chief Internal Auditor | G-10 | 1 | 32 | Office Assistant | G-05 | 1 |
| 13 | Asstt. Manager (Audit) | G-06 | 1 | 33 | Manager (HR) | G-09 | 1 |
| 14 | Audit Associate | G-05 | 2 | 34 | Asstt. Manager (HR) | G-06 | 2 |
| 15 | Chief Technical Officer (CTO) | G-10 | 1 | 35 | APS / Junior Executive | G-06 | 1 |
| 16 | Dy.G.M (Tech) | G-10 | 1 | 36 | Admin Officer | G-06 | 1 |
| 17 | Manager (Tech) | G-09 | 3 | 37 | Asstt. Manager (Admn.) | G-06 | 1 |
| 18 | Dy. Manager (Tech) | G-08 | 4 | 38 | Drivers | G-02 | 3 |
| 19 | Asstt. Manager (Tech) | G-06 | 1 | Total | | | 52 |
| 20 | APS / Junior Executive | G-06 | 1 | | | | |

- 10.13 The Petitioner further mentioned that Pay & Allowances of new hiring is around Rs.47 million and Employees Benefits is around Rs.26 million.
- 10.14 Here it is pertinent to mention that during hearing of the instant MoF Petition, the Authority directed the Petitioner to explain the new hiring requirement of CPPA-G in detail to NEPRA. Accordingly, a meeting was held with CPPA-G on 15.11.2021. Pursuant thereto, CPPA-G vide email dated 16.11.2021, requested NEPRA team to visit their office to have a comprehensive orientation of different function being performed at CPPA-G (Invoice Processing, Payments, Billing, HR, IT). The Authority, however, directed the Petitioner to provide all the relevant details in terms of existing manpower / proposed hiring, along-with detailed justifications/ calculations.
- 10.15 The Petitioner in response shared its department wise detail of proposed new hiring & their costs and justification along-with MO staffing justification. However, certain other information regarding external study by OPID and ADB regarding required strength for SPT and MO functions were not provided.
- 10.16 In view of the above discussion and the fact that since the costs requested against vacant posts has not yet been incurred by CPPA-G, therefore, the Authority has decided not to



allow this cost upfront, however, such costs would be considered by the Authority, once the Petitioner incurs such cost after following all the required SOPs and obtaining all relevant approvals etc. and provides justification in this regard. Here it is pertinent to mention that Pay & Allowances/ Benefits of the 17 employees who have actually been hired till date have already been included in the total cost.

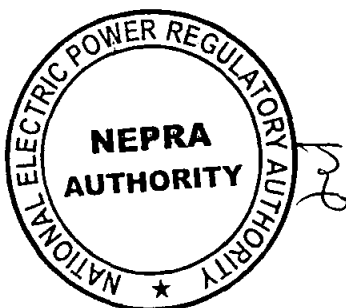
Consultancy Services

- 10.17 The Petitioner for consultancy services costs submitted that it includes outsourcing of Recruitment Firm, Engagement of Head-hunting Company for Hiring, Legal Consultant, Tax Consultant, Design & Implementation New data center, Integrated Information Security Management Systems Consultant Phase-II & External Audit Fee, and Consultant for Implementation of COBIT Framework (Phase-I Preparation). In this regard the Authority is requested to allow an amount of Rs.11 million for FY 2022, Rs.10 million for FY 2023 & Rs.11 million FY 2024 against the consultancy services. The Petitioner submitted the following details in this regard;

| S.No | Description | Month | Monthly | FY 2022 | FY 2023 | FY 2024 |
|---------------------------|--|-------|---------|-------------------|------------------|-------------------|
| H.R Department | | | | | | |
| 1 | Recruitment Firm (Testing Services) | 3 | 250,000 | 750,000 | - | - |
| 2 | Engagement of Head Hunting Company | 9 | 300,000 | 2,700,000 | 3,500,000 | 4,200,000 |
| | Total | | | 3,450,000 | 3,500,000 | 4,200,000 |
| Legal Department | | | | | | |
| 1 | Legal Consultant | | | 2,000,000 | 2,000,000 | 2,000,000 |
| | Total | | | 2,000,000 | 2,000,000 | 2,000,000 |
| Finance Department | | | | | | |
| 1 | Tax Consultant | 12 | 100,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| 2 | Estimated Tax Appeals and Writ Petition Fee for Agency related matters | | | 800,000 | 1,000,000 | 1,000,000 |
| | Total | | | 2,000,000 | 2,200,000 | 2,200,000 |
| I.T Department | | | | | | |
| 1 | Design & Implementation of New datacentre Integrated Information Security Management | | | 500,000 | 2,000,000 | - |
| 2 | Systems Consultant Phase-II & External Audit Fee | 6 | 500,000 | 3,000,000 | - | - |
| 3 | COBIT Phase-I | 6 | 500,000 | - | - | 3,000,000 |
| | Total | | | 3,500,000 | 2,000,000 | 3,000,000 |
| | Grand Total | | | 10,950,000 | 9,700,000 | 11,400,000 |

- 10.18 To have a fair assessment of the Petitioner's request, the item wise detail of the cost requested by the Petitioner has been analyzed. As per the break-up provided by the Petitioner, it has been noted that major amount for the FY 2021-22 has been requested for the HR department i.e. Rs.3.450 million including Recruitment firm and Engagement of Head-hunting Company. However, no further details / justification for the requested costs have been provided by the Petitioner.

- 10.19 Regarding Recruitment firm (Testing services) costs, the Petitioner has requested a fixed payment of Rs.250,000 per month for 3 months period. Similarly, an amount of Rs.2.7 million @ Rs.0.3 million/month for 9 months, for engagement of head hunting firm has been requested. The Authority is of the view that such costs should only be due once the process of recruitment is completed through a recruitment firm, therefore, the Authority has decided to allow an amount of Rs.0.50 million to the Petitioner under this head for the FY 2021-22.



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10.20 Regarding legal charges of Rs.2 million each year from the FY 2021-22 to FY 2023-24, the Petitioner did not provide detail of consultants hired. In addition an amount of Rs.2 million has also been requested for Tax Consultancy & appeal and writ petition fee for agency related matters for the FY 2021-22.

10.21 Here it is pertinent to mention that CPPA-G's existing strength of its legal professionals is as under;

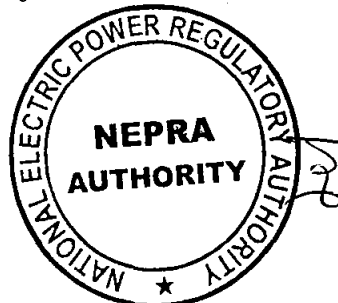
| Legal Department | |
|-------------------------------------|---------------------------|
| Mr. Abdul Majid Khan | Chief Legal Officer |
| Mr. Khawaja Muhammad Hisham Humayun | Manager (Legal) |
| Mr. Syed Abid Hussain Rizvi | Manager (Legal) |
| Ms. Fakhira Bashir | Assistant Manager (Legal) |
| Ms. Noreen Iqbal | Assistant Manager (Legal) |

10.22 Keeping in view the in-house legal resources available with CPPA-G, the Authority considers that CPPA-G request for outsourcing of all legal cases is not justified. The Authority therefore decides not to allow any cost on account of legal consultants for the FY 2021-22.

10.23 Regarding Tax consultant, the Petitioner has requested an amount of Rs.100,000/- per month for the FY 2021-22. However, as per details provided by CPPA-G, no tax consultant has been hired yet. In view thereof, the Authority has decided not to consider this cost for the FY 2021-22.

10.24 Regarding cost requested for IT department, the existing strength of CPPA-G's IT department is as under;

| I.T Department | | | |
|----------------------------------|--------------------------------|------------------------|--------------|
| Mr. Muhammad Arshad Javed Minhas | Chief Information Officer | Information Technology | Professional |
| Mr. Namet Ullah | Manager | Information Technology | Professional |
| Mr. Waqar Hussain | Additional Manager | Information Technology | Professional |
| Mr. Muhammad Salman Zahid | Deputy Manager | Information Technology | Professional |
| Mr. Salah-ud-Din | Computer Operator | Information Technology | Professional |
| Mr. Zeshan Tariq | Deputy Manager | Information Technology | Professional |
| Mr. Danish Qadir | System & Network Administrator | Information Technology | Professional |
| Mr. Farukh Nawaz | Assistant Manager | Information Technology | Professional |
| Mr. Muhammad Irfan Aslam | Database Administrator | Information Technology | Professional |
| Mr. Muhammad Saleem | Supervisor Data Entry | Information Technology | Professional |
| Mr. Sarfraz Ahmad | Assistant Manager | Information Technology | Professional |
| Mr. Ahmad Ehsan | Assistant Manager | Information Technology | Professional |
| Mr. Hafiz Shahid Hafeez | Assistant Private Secretary | Information Technology | Professional |
| Mr. Kapil Kumar | Management Trainee Officer | Information Technology | Professional |
| Mr. Moez Akbar | Assistant Manager | Information Technology | Professional |
| Mr. Muhammad Sajid Khan | Assistant Manager | Information Technology | Professional |
| Mr. Nouman Zafar | Assistant System Engineer | Information Technology | Professional |
| Mr. Muhammad Rehan Khan | Assistant Manager | Information Technology | Professional |
| Mr. Awais Tariq | Assistant Manager | Information Technology | Professional |
| Mr. Nadeem Nasir Abbasi | Assistant Manager | Information Technology | Professional |
| Ms. Sadaf Malik | Assistant Manager | Information Technology | Professional |
| Mr. Osama Safeer | Management Trainee Officer | Information Technology | Professional |
| Ms. Alina Javed | Management Trainee Officer | Information Technology | Professional |
| Mr. Muhammad Usman | Assistant Manager | Information Technology | Professional |
| Ms. Aymen Khalid Abbasi | Management Trainee Officer | Information Technology | Professional |
| Mr. Muhammad Irfan | Management Trainee Officer | Information Technology | Professional |



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10.25 The Authority considers that keeping in view the existing huge in-house strength of IT professionals, CPPA-G shall manage IT services in-house rather than outsourcing the same. Accordingly, the Authority has decided not to allow any cost on account of IT consultancy for the FY 2021-22.

10.26 As per the details submitted by the Petitioner, two consultants have been hired, on the following terms;

| Consultants FY 2021-22 | | | | | |
|------------------------|--------------------|--------------------------------|----------------|-----------------|-----------------------------|
| Sr. | Name of Consultant | Purpose of Assignment | Hiring Date | Contract Period | FY 2021-22 |
| | | | | | Monthly Remuneration Annual |
| 1 | Shahid Raheem | Buisness Process Reengineering | Mar 1, 2020 | 18 months | 600,000 1,200,000 |
| 2 | Bilal Manzoor | Consultant Grid Code | 15th July 2021 | 24 months | 500,000 5,750,000 |
| Total | | | | | 6,950,000 |

10.27 Regarding consultants hired for the BPR and Grid Code, the Authority noted that Grid Code is the responsibility of System Operator i.e. NPCC/ NTDC at present, therefore, hiring of any consultant by CPPA-G in this regard is not relevant. In view thereof, the Authority has decided to allow only Rs.1.2 million to CPPA-G under the head of consultancy expenses for the FY 2021-22.

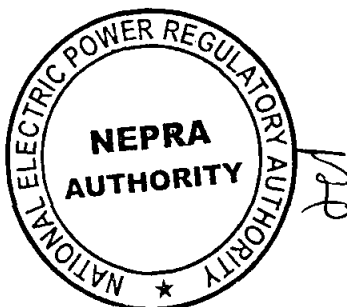
Training & Capacity Building

10.28 Regarding, Training & Capacity Building costs, the Petitioner has submitted following details for the requested amounts of Rs.7.40 million, Rs.8.32 million and Rs.9.05 million for the FY 2021-22, FY 2022-23 and FY 2023-24;

| Department | Min. Rs. | | |
|------------------------------|--------------------|--------------------|--------------------|
| | FY 22 Requested | FY 23 Requested | FY 24 Requested |
| Finance Department | 0.34 | 0.77 | 0.78 |
| Technical Department | 0.31 | 0.66 | 1.03 |
| HR&A Department | 0.71 | 1.21 | 1.42 |
| Policy & Planning Department | 2.37 | 2.51 | 2.58 |
| Legal Department | 0.10 | 0.19 | 0.19 |
| I.T Department | 1.88 | 1.71 | 1.77 |
| Internal Audit Department | 0.91 | 0.53 | 0.53 |
| Company Secretary Department | 0.77 | 0.76 | 0.78 |
| Total | 7.40 | 8.32 | 9.05 |

10.29 The Petitioner further submitted that Training and Capacity building charges includes training of soft skills, Job related, Basic IT training for employees and others. The required budget would be utilized for CPPA-G finance, technical, HR& Admin, P&P, Legal, IT, Company Secretary, Internal Audit department.

10.30 The Authority while analyzing the data provided by the Petitioner, noted that around Rs.4.5 million has been requested for "Other" trainings for which no rationale/ justification has been given by CPPA-G. The remaining training proposed by CPPA-G, although are of initial / basic level, however, still importance of trainings may not be denied for capacity building of employees. In view thereof, and keeping in view the amount allowed last year,



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the Authority has decided to allow an amount of Rs.2 million to the Petitioner for the FY 2021-22.

- 10.31 In view of the discussion made in the preceding paras, the Authority has decided to allow an amount of Rs.552.25 million to the Petitioner, under the General Establishment Cost, for the FY 2021-22 with the following breakup;

| Description | Requested FY 2021-22 | Allowed FY 2021-22 |
|--|-------------------------|-----------------------|
| General Establishment Costs | | |
| Pay & Allowances | 652.00 | 548.55 |
| Salaries & Wages | 455.00 | 444.00 |
| Employee Benefits | 86.00 | 83.00 |
| Bonus | 38.00 | 21.55 |
| New Hiring | 73.00 | - |
| Trainings and Capacity Building | 7.40 | 2.00 |
| Outsources consultancy Expenses | 11.00 | 1.70 |
| Total General Establishment Costs | 670.40 | 552.25 |

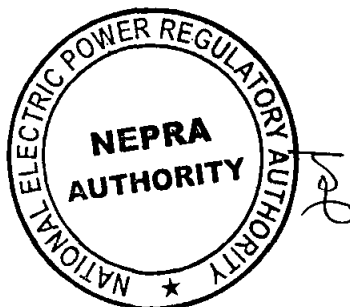
11. Whether the remaining requested Administrative Costs, Office Operations, Services & Maintenance, Insurance & Finance Charges are justified?

- 11.1 The Petitioner under the head of Administrative Costs, Office Operations, Service & Maintenance, Insurance & finance Charges has requested an amount of Rs.265 million for the FY 2021-22 to FY 2023-24 as detailed hereunder;

| Description | FY 21 | FY 22 | FY 23 | Mln. Rs. FY 24 |
|----------------------------------|------------|------------|------------|-------------------|
| | Allowed | | Requested | |
| Rent Rate & Taxes | 90 | 95 | 101 | 105 |
| Power Light etc. | 9 | 12 | 13 | 14 |
| Communication | 8 | 15 | 15 | 16 |
| Office Supplies & Other Expenses | 10 | 15 | 17 | 18 |
| Travelling Expenses | 5 | 12 | 12 | 13 |
| BOD and Auditor Fee | 17 | 23 | 24 | 24 |
| General Misc Expenses | 7 | 26 | 28 | 31 |
| NEPRA Petition Fee | - | 6 | 1 | 1 |
| NEPRA Licence Fee | - | 60 | 10 | 10 |
| Total | 146 | 265 | 221 | 233 |
| Insurance | 1 | 4 | 4 | 4 |
| Finance Charges | | 3 | 3 | 3 |

Rent, Rate & Taxes

- 11.2 The Petitioner regarding **Rent, Rate & Taxes** has stated that it includes building rent, being paid for occupying office space to carry out CPPA-G operations. Increase of 5% on every year as per contract over the last year rent, on average an increase of Rs.5 million for each financial year. The CPPA-G also hold around 2,325 and 1,589 square feet space in WAPDA house and sunny view Lahore respectively. The estimated rent of these offices is around 4.7 million. The Petitioner accordingly requested that total amount required in this head is



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Rs.95 million for FY 2022, Rs.101 million For FY 2023 and Rs.105 million for FY 2024 respectively as under;

| Description | Sq.ft | Rate per Sq.ft | Amount per month (Rs) | FY 2022 | FY 2023 | FY 2024 |
|--|--------|----------------|-----------------------|------------|------------|-------------|
| CPPA-G Islamabad | | | | | | |
| SHAHEEN PLAZA | 57,322 | 113 | 7,524,263 | 90,291,156 | 94,805,714 | 99,545,999 |
| | | | 7,524,263 | 90,291,156 | 94,805,714 | 99,545,999 |
| CPPA-G Lahore | | | | | | |
| WAPDA HOUSE | 2,325 | 135 | 313,875 | 3,766,500 | 3,766,500 | 3,766,500 |
| SUNNY VIEW | 1,589 | 50 | 79,450 | 953,400 | - | - |
| | | | 393,325 | 4,719,900 | 3,766,500 | 3,766,500 |
| I.T Department | | | | | | |
| Rental Space (Shifting Record From Lhr to Isb) | | | - | 476,700 | 953,400 | 953,400 |
| | | | - | 476,700 | 953,400 | 953,400 |
| Rent Rate & Taxes | | | | 7,917,588 | 95,487,756 | 100,525,614 |
| | | | | | | 105,265,899 |

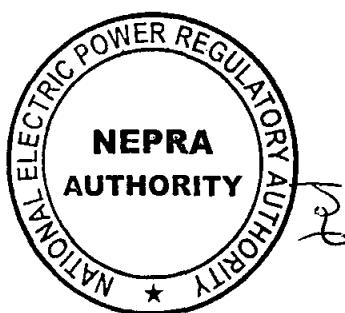
- 11.3 The Authority for assessment of Rent, Rate & Taxes, has considered the rental agreement of the Petitioner for its office at Islamabad. The Rental agreement, entails annual increase of 5%. Accordingly by applying increase of 5% every year on the base amount, the rental amount works out as Rs.90.29 million for the FY 2021-22.
- 11.4 For WAPDA house and Sunny view Lahore and Space for shifting of Record from Lahore to Islamabad, the amount requested by the Petitioner has been considered.
- 11.5 In view thereof, the Authority has decided to allow a total amount of Rs.95 million on account Rent, rate & Taxes for the FY 2020-21 as requested by the Petitioner.

Power light and water

- 11.6 Regarding power light and water, the Petitioner has requested an amount of Rs.12 million and stated that in order to estimate expense in this head the electricity bill of new building is assumed @ 1 million p/m for each financial year, keeping in view the average historical bill of almost of same size NEPRA building. Water expenditures are assumed around 0.01 million and after consolidating the above figures, the Petitioner submitted that an amount of Rs.12 million for FY 2022, Rs.13 million for FY 2023 and Rs.14 million FY 2024 are proposed under the head of power, light and water. Increase of 10% assumed on every year.
- 11.7 Here it is pertinent to mention that actual cost of the Petitioner under the head remained as Rs.9.76 million for the FY 2020-21. Considering the fact that cost of electricity has increased considerably during FY 2021-22, the Authority considers the amount requested by CPPA-G for power light and water seems reasonable. Accordingly, the Petitioner is allowed Rs.12 million for Power Light & water for the FY 2021-22.

Communication

- 11.8 The Petitioner regarding communication has stated that this includes expenses relevant to telephone charges, employees' cell phone charges, internet charges, courier services charges for external communication through letters. The Petitioner stated that keeping in view historical trend and cell phone charges limits allowed to each employee, an amount of Rs.15



million for FY 2022, Rs.15 million for FY 2023 and Rs.16 million for FY 2024 has been requested.

11.9 The Petitioner provided following details in this regard;

| Sr.# | Description | | | FY 2022 | FY 2023 | FY 2024 |
|--------------------------------------|--|----|-------|-------------------|-------------------|-------------------|
| 1 | Internet Bandwidth + Host Base Exchange (1 | | | 4,680,000 | 4,680,000 | 5,616,000 |
| 2 | P2P Link Cost | | | 300,000 | 300,000 | 324,000 |
| 3 | CPPA-G Email Services from M/s Nayatel | | | 1,800,000 | 1,800,000 | 1,920,000 |
| 5 | Live IP Pools (Sixteen) | | | 16,000 | 16,000 | 18,000 |
| 3 | Internet Chargi | 15 | 3,500 | 630,000 | 630,000 | 630,000 |
| 4 | Internet Chargi | 15 | 2,500 | 450,000 | 450,000 | 450,000 |
| 5 | Internet Chargi | 15 | 2,000 | 360,000 | 360,000 | 360,000 |
| | | | | 8,236,000 | 8,236,000 | 9,318,000 |
| Telephone, Mobile, Internet, Courier | | | | 7,080,000 | 7,080,000 | 7,080,000 |
| Total | | | | 15,316,000 | 15,316,000 | 16,398,000 |

11.10 From the data provided by CPPA-G, it has been noted that CPPA-G has claimed monthly charges of Mobile Phones ranging from 2,000 to 5,000 per month depending upon grade of employee. Similarly, an amount of Rs.4.68 million has been claimed for Internet Bandwidth and Host Base Exchange with 50% increase.

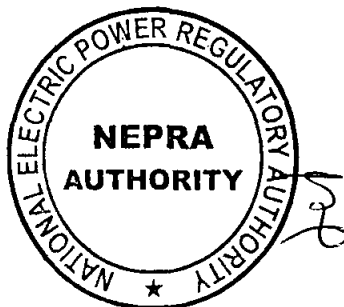
11.11 To analyze the request of the Petitioner, its actual expenses regarding Telephone Fax & Postage Telegram etc. for the FY 2020-21 have also been considered. As per the Audited accounts of the Petitioner for the FY 2020-21, the same remained around Rs.8.83 million, thus, the request of the Petitioner for the FY 2021-22 is more than 70% higher than its actual expenses for last year, for which no proper justification/ explanation has been submitted. Accordingly, for the FY 2021-22, the Authority has decided to allow CPI indexation of 10% on the actual expenses of the Petitioner for the FY 2020-21, resulting in total cost of Rs.9.71 million. The same is allowed to the Petitioner for the FY 2021-22.

Office Running Expenses (Outsourced Services)

11.12 The Petitioner regarding Office Running Expenses (Outsourcing Services) submitted that it includes services relevant to Security, Mineral water, Newspapers, Generator fueling cost, CCTV room operator, Cleaning & Pest control services, HVAC unit & maintenance contract, window cleaning services, Generator Operator, Elevator operator etc. The Petitioner further stated that Other Administrative Expenses include remaining head of administrative expense i.e. office supplies, entertainment, travelling, advertisement and publications, BOD and auditor fee, NEPRA Petition Fee, NEPRA Licenses Fee and other expenses.

11.13 The Petitioner accordingly requested Rs.15 million for FY 22, Rs.17 million for FY 23 and Rs.18 million for FY 24 during the hearing.

11.14 However, as per the detail of expenses provided, the amount works out as Rs.10.3 million as detailed hereunder;



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| S.No | Description | Person | Monthly | FY 2021-22 |
|--------------|---------------------------------|--------|---------|-------------------|
| 1 | Security Guard with Weapon | 11 | 350,000 | 4,200,000 |
| 2 | Mineral Water | 400 | 66,000 | 792,000 |
| 3 | Newspaper (Official) | 12 | 7,000 | 84,000 |
| 4 | 650 KVA Generator Fuelling Cost | 12 | 100,000 | 1,200,000 |
| 5 | TV Cable | 6 | 1,500 | 18,000 |
| 6 | CCTV Room Operator | 1 | 30,000 | 360,000 |
| 7 | Cleaning & Pest Control Service | 1 | 60,000 | 720,000 |
| 8 | Required Staff for Cafeteria | 0 | - | - |
| 9 | Elevator Operator | 1 | 38,500 | 462,000 |
| 10 | HVAC Unit Ops & Maint Contract | | 70,000 | 840,000 |
| 11 | Window Cleaning Services | Nil | - | 756,000 |
| 12 | Uniform for Official Staff | | | 500,000 |
| 13 | Generator Operator services | 3 | 35,000 | 420,000 |
| Total | | | | 10,352,000 |

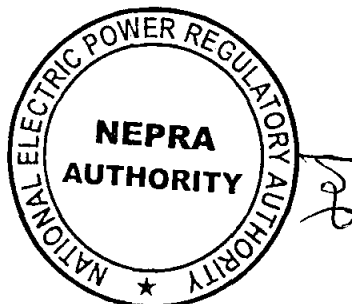
- 11.15 From the details provided by the Petitioner, the major cost is for 11 number Security Guards with weapon and for the fuel cost of the DG set. Considering the size of the building, number of employees and required maintenance etc., the request of the Petitioner of Rs.10.3 million for the FY 2021-22 seems reasonable. Accordingly, for the FY 2021-22, the Authority has decided to allow the amount of Rs.10.3 million under this head.

Other Administrative Expenses:

- 11.16 Regarding other administrative expenses, the Petitioner submitted that it consists of office supplies, entertainment, travelling, advertisement and publications, BOD and auditor fee, NEPRA Petition Fee, NEPRA Licenses Fee and other expenses. The Petitioner submitted that expenses under this head has increased by Rs.68 million for the FY 2021-22 over the last year and major increase is due to NEPRA License fees and Petition fees which have been projected first time. As NEPRA has now determined the petition and license fee for CPPA-G, which is approximately Rs.11 million per year applicable from 2016. The Petitioner accordingly requested to allow an amount of Rs.132 million for FY 22, Rs.80 million for FY 23 and Rs.82 million FY 24 in the head of other administrative cost.
- 11.17 The Petitioner further submitted the following head wise detail of expenses requested as other administrative expenses;

| FINANCIAL YEAR 2022-24 | | | |
|--------------------------------------|------------|--------------------|-------------------|
| Description | FY 22 | FY 23 Requested | Mln. Rs. FY 24 |
| | | | |
| Office Supplies & Other Expenses | 15 | 17 | 18 |
| Entertainment | 5 | 5 | 5 |
| Travelling Expenses | 12 | 12 | 13 |
| BOD and Auditor Fee | 23 | 24 | 24 |
| Advertisement, Subscription & Others | 11 | 11 | 11 |
| NEPRA Petition Fee | 6 | 1 | 1 |
| NEPRA Licence Fee | 60 | 10 | 10 |
| Total | 132 | 80 | 82 |

- 11.18 To have a fair assessment of the Petitioner's request, the Authority has analyzed the item wise detail of the cost requested by the Petitioner. As per the break-up provided by the Petitioner, it is noted that an amount of Rs.15 million has been claimed under the head of Office Supplies for the FY 2021-22 as detailed below;



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| Sr No. | Particulars | Monthly Expense FY 2022 | Monthly Expense FY 2023 | Monthly Expense FY 2024 |
|---|--------------------------|-------------------------|-------------------------|-------------------------|
| CEO Office | | | | |
| 1 | Office Supplies & Others | 23,103 | 277,241 | 25,414 |
| 2 | Printing Charges | 45,000 | 540,000 | 49,500 |
| P&P Department | | | | |
| | Office Supplies & Others | 23,103 | 277,241 | 25,414 |
| | Printing Charges | 21,000 | 252,000 | 23,100 |
| Finance Department | | | | |
| | Office Supplies & Others | 92,414 | 1,108,964 | 101,655 |
| | Printing Charges | 15,000 | 180,000 | 16,500 |
| Technical Department | | | | |
| | Office Supplies & Others | 69,310 | 831,723 | 76,241 |
| | Printing Charges | 30,000 | 360,000 | 33,000 |
| HR & Admin Department | | | | |
| | Office Supplies & Others | 46,207 | 1,554,482 | 50,828 |
| | Printing Charges | 15,000 | 180,000 | 16,500 |
| Company Secretary Office | | | | |
| | Office Supplies & Others | 115,517 | 1,386,205 | 127,069 |
| | Printing Charges | 60,000 | 720,000 | 66,000 |
| Legal Department | | | | |
| | Office Supplies & Others | 23,103 | 277,241 | 25,414 |
| | Printing Charges | 15,000 | 180,000 | 16,500 |
| I.T Department | | | | |
| | Office Supplies & Others | 32,345 | 388,137 | 35,579 |
| | Printing Charges | 15,000 | 180,000 | 16,500 |
| Internal Audit Department | | | | |
| | Office Supplies & Others | 13,862 | 166,345 | 15,248 |
| | Printing Charges | 9,000 | 108,000 | 9,900 |
| Office Supplies & Other Expenses | | | | |
| | | 438,965 | 6,267,577 | 482,861 |
| Printing & Stationary | | | | |
| | | 225,000 | 2,700,000 | 247,500 |
| | | | | 6,794,335 |
| | | | | 533,417 |
| | | | | 7,401,000 |
| | | | | 3,329,520 |

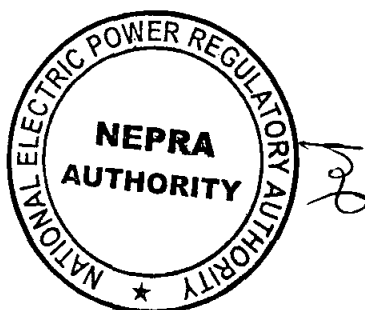
| Office Supplies for IT Department | | Per unit cost | Qty | FY 2022 | FY 2023 | FY 2024 |
|--|--|---------------|-----|------------|------------|------------|
| 1 | Tonnors for Multifunction Laser Printers | 40,000 | 110 | 4,400,000 | 4,950,000 | 5,280,000 |
| 2 | Colour Printers Tonnors | 55,000 | 24 | 1,320,000 | 1,440,000 | 1,680,000 |
| 3 | Other Tonnors | 15,000 | 20 | 300,000 | 360,000 | 400,000 |
| Total | | | | 6,020,000 | 6,750,000 | 7,360,000 |
| | | | | 14,987,577 | 16,514,335 | 18,090,520 |

11.19 To analyze the request of the Petitioner, its actual expenses regarding Office Supplies for the FY 2020-21 have been considered. As per the Audited accounts of the Petitioner for the FY 2020-21, its actual expenses remained at around Rs.9.95 million. The Petitioner thus has requested an increase of around 50% for the FY 2021-22, which is considerably high. In view thereof, the Authority has decided to allow inflationary impact on the actual expenses of the Petitioner of the FY 2020-21 for office supplies. Thus resulting in an amount of around Rs.11 million for the FY 2021-22, which is hereby allowed to the Petitioner.

11.20 Regarding entertainment charges, the Petitioner has requested an amount of Rs.5 million for the FY 2021-22 and provided the following details in this regard;

| S.NO | Description | No of Meetings (Per Month) | Average Expenses per Meeting | Monthly Expenses | FY 2022 | FY 2023 | FY 2024 |
|-------------------------------|---------------------------------------|----------------------------|------------------------------|------------------|------------------|------------------|------------------|
| Entertainment Expenses | | | | | | | |
| 1 | Meeting & Office Expense CEO Office | 100 | 2,000 | 200,000 | 2,400,000 | 2,520,000 | 2,646,000 |
| 2 | Refreshment in BOD/ Committee Meeting | 20 | 5,000 | 100,000 | 1,200,000 | 1,260,000 | 1,323,000 |
| 3 | Training & Workshops | 10 | 10,000 | 100,000 | 1,200,000 | 1,260,000 | 1,323,000 |
| Total | | | | | 4,800,000 | 5,040,000 | 5,292,000 |

11.21 The Authority considers that the amount requested by the Petitioner is on higher side if compared with NEPRA's expenses on the same account, whereby NEPRA also conducts



public hearings, Regulatory meetings, meetings with stakeholders of the entire sector etc. In view thereof, the Authority has decided to allow an amount of Rs.2 million on account of Entertainment charges for the FY 2021-22.

- 11.22 Regarding Travelling charges, the Petitioner has requested an amount of Rs.12 million and provided the following details in this regard;

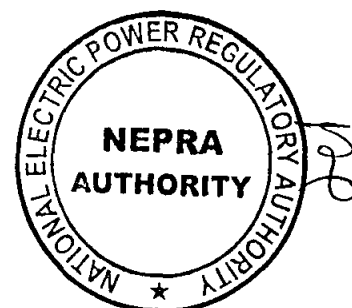
**Travelling Expenses
FY 2022-24**

| Departments | FY 2022 | FY 2023 | FY 2024 | % |
|-----------------------------|-------------------|-------------------|-------------------|-------------|
| CEO Office/PG&CP Department | 938,197 | 985,106 | 1,034,362 | 8% |
| Finance Department | 3,400,962 | 3,571,010 | 3,749,561 | 29% |
| Technical Department | 2,462,766 | 2,585,904 | 2,715,199 | 21% |
| HR & Admin Department | 2,228,217 | 2,339,628 | 2,456,609 | 19% |
| Legal Department | 469,098 | 492,553 | 517,181 | 4% |
| I.T Department | 1,524,569 | 1,600,798 | 1,680,838 | 13% |
| Company Secretary Office | 351,824 | 369,415 | 387,886 | 3% |
| Internal Audit | 351,824 | 369,415 | 387,886 | 3% |
| Total | 11,727,456 | 12,313,829 | 12,929,521 | 100% |

- 11.23 No further detail of the amount requested against each department has been provided, therefore, to assess the request of the Petitioner, the Authority has taken into account the actual expenses of the Petitioner for the FY 2020-21. As per the Audited accounts of the Petitioner for the FY 2020-21, its actual expenses remained at around Rs.5.02 million. The Petitioner thus has requested an increase of more than 130% over its actual expenses for the FY 2020-21, which is not justified. In view thereof, the Authority has decided to allow inflationary impact on the actual expenses of the Petitioner for the FY 2020-21. Thus, resulting in an amount of around Rs.5.5 million for the FY 2021-22, which is hereby allowed to the Petitioner.

- 11.24 Regarding BoD fee and Auditor charges, the Petitioner has requested an amount of Rs.23 million and provided the following details in this regard;

| Description | Member | Yearly Meeting (Per Person) | FY 2022 |
|---|------------------|-----------------------------|-------------------|
| BOD Meeting | 10 | 12 | 62,500 |
| Nomination Committee | 3 | 3 | 62,500 |
| MISC | 4 | 4 | 62,500 |
| Procurement Committee | 5 | 10 | 62,500 |
| HR Committee | 5 | 10 | 62,500 |
| Finance Committee | 5 | 4 | 62,500 |
| ERP Committee | 4 | 3 | 62,500 |
| Audit Committee | 5 | 6 | 62,500 |
| Risk Management Committee | 4 | 5 | 62,500 |
| BoD & BoD Committee Meetings | | | 20,437,500 |
| Finance Office | | | |
| Audit Fee | FY 2022 | FY 2023 | FY 2024 |
| | 2,800,000 | 3,000,000 | 3,000,000 |
| Audit Fee | 2,800,000 | 3,000,000 | 3,000,000 |



11.25 Considering high quantum of proposed BoD and other committee meetings, the Petitioner was asked to provide detail of actual meetings held till date. The Petitioner submitted the following details in this regard;

**Detail of BoD & Committee Meetings
Jul-Dec 21**

| S.No | Description | Total Meeting | Total No. of Participants | Impact |
|--------------|--|---------------|---------------------------|-------------------|
| 1 | BoD | 5 | 10 | 3,125,000 |
| 2 | HR Committee | 6 | 6 | 2,250,000 |
| 3 | Audit Committee | 4 | 7 | 1,750,000 |
| 4 | Finance Committee | 2 | 5 | 625,000 |
| 5 | IT & ERP Committee | 1 | 6 | 375,000 |
| 6 | Procurement Committee | 4 | 7 | 1,750,000 |
| 7 | Risk Management Committee | 4 | 4 | 1,000,000 |
| 8 | Nomination Committee | 1 | 3 | 187,500 |
| 9 | Market Implementation & Support Committee (MISC) | 5 | 6 | 1,875,000 |
| Total | | 32 | | 12,937,500 |

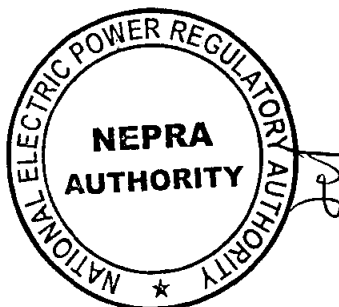
11.26 Keeping in view the actual meetings held till date and the expenses incurred, the Authority considers the request of the Petitioner reasonable and hereby allows Rs.23 million for the FY 2021-22 under this head.

11.27 Regarding Advertisement, Subscriptions and Others, the Petitioner has requested an amount of Rs.11 million and provided the following details in this regard;

| S.No | Description | No of Publications Annually | Rate | FY 2022 | No of Publications Annually | Rate | FY 2023 | No of Publications Annually | Rate | FY 2024 |
|----------------------------------|-----------------------------------|-----------------------------|---------|------------------|-----------------------------|---------|------------------|-----------------------------|---------|------------------|
| HR & Admin Department | | | | | | | | | | |
| 1 | Tender Adds | 5 | 300,000 | 1,500,000 | 3 | 400,000 | 1,200,000 | 3 | 400,000 | 1,200,000 |
| 2 | Job Advertisement (Local Dailies) | 4 | 250,000 | 1,000,000 | 3 | 450,000 | 1,350,000 | 3 | 450,000 | 1,350,000 |
| 3 | Job Advertisement (International) | 1 | 500,000 | 500,000 | 1 | 500,000 | 500,000 | 1 | 500,000 | 500,000 |
| 4 | Public Notices | 2 | 500,000 | 1,000,000 | 2 | 250,000 | 500,000 | 2 | 250,000 | 500,000 |
| 5 | CPPA News Letter Publications | 500 | 100 | 50,000 | 500 | 100 | 50,000 | 500 | 100 | 50,000 |
| 6 | Others | | | | | | | | | |
| Total | | | | 4,050,000 | | | 3,600,000 | | | 3,600,000 |
| I.T Department | | | | | | | | | | |
| 1 | Tenders | 6 | 100,000 | 600,000 | | | 600,000 | | | 600,000 |
| Total | | | | 600,000 | | | 600,000 | | | 600,000 |
| P&P Department | | | | | | | | | | |
| 1 | PPP Report | | | 50,000 | | | 52,500 | | | 55,125 |
| Total | | | | 50,000 | | | 52,500 | | | 55,125 |
| Grand Total | | | | 4,700,000 | | | 4,252,500 | | | 4,255,125 |

| Subscription Fee | | | |
|-----------------------------------|------------------|------------------|------------------|
| Company Secretary Office | | | |
| SECP Annual Return File & Others | FY 2022 | FY 2023 | FY 2024 |
| | 100,000 | 200,000 | 200,000 |
| Legal Office | | | |
| Legal Subscription Fee | 100,000 | 100,000 | 100,000 |
| P&P | | | |
| OECD Publication (Library Access) | 3,607,500 | 3,607,500 | 3,607,500 |
| Subscription Fee | 3,807,500 | 3,907,500 | 3,907,500 |

| S.No | Description | No of Events | No of Participant | Cost per Person | FY 2022 | FY 2023 | FY 2024 |
|-----------------------------|-------------------------------------|--------------|-------------------|-----------------|------------------|------------------|------------------|
| Team Building Events | | | | | | | |
| 1 | Sports Activities | 1 | 250 | 4000 | 1,000,000 | 1,050,000 | 1,102,500 |
| 2 | Team Building Events (Family Galla) | 1 | 250 | 1500 | 375,000 | 393,750 | 413,438 |
| 3 | Others Events (Recreation Trip) | 1 | 250 | 2500 | 625,000 | 656,250 | 689,063 |
| 4 | Annual Dinner | 1 | 250 | 2000 | 500,000 | 525,000 | 551,250 |
| Total | | | | | 2,500,000 | 2,625,000 | 2,756,250 |



- 11.28 To analyze the request of the Petitioner, the Authority has also taken into account the actual expenses of the Petitioner for the FY 2020-21. As per the Audited accounts of the Petitioner for the FY 2020-21, its actual expenses under subscription remained around Rs.0.26 million. Regarding advertisement, the Petitioner's actual expenses remained around Rs.10.65 million, however, the Authority did not allow any cost on account of advertisement for the FY 2020-21 and decided as under;

Regarding increase in the cost of Advertisement owing to the Campaign of "Use more Pay less" in Print & Electronic media, the Authority is of the considered view that such costs does not come under the ambit of CPPA-G, rather it shall be borne by DISCOs, as DISCOs need to advertise the same for awareness of their consumers. In view thereof, the Authority has decided not to accede with the request of the Petitioner to allow Rs.11 million for Advertisement charges.

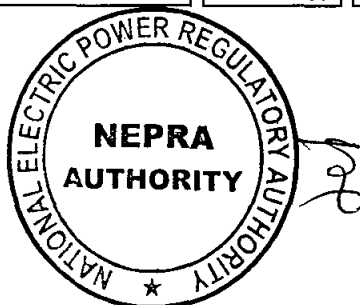
- 11.29 Thus, keeping in view the actual expense of the Petitioner under these heads during the FY 2020-21, and after exclusion of the disallowed cost of advertisement, and based on the aforementioned details provided by CPPA-G, the Authority has decided to allow an amount of Rs.2 million to the Petitioner for Advertisement, Subscriptions and Others expenses for the FY 2021-22.

- 11.30 Regarding NEPRA License fee and Petition Fee, the Petitioner has requested an amount of Rs.66 million. The Petitioner has submitted that major increase is due to NEPRA License fees and Petition fees which have been projected first time. Now NEPRA has determined the petition and license fee for CPPA-G which is approximately Rs.11 million per year applying from 2016.

- 11.31 As per the notified Fee regulations of the Authority on May 31, 2021, the prescribed annual fee for Market Operator is Rs.10 million per annum, which accordingly works out as Rs.60 million for six year i.e. FY 2016 to FY 2021. Therefore, the Authority may consider to allow Rs.60 million under the head of NEPRA annual License Fee. However, for the Petition fee, the Authority has not determined any fees, therefore, the Authority has decided to allow the requested amount of Rs.1 million for each year from FY 2016 till 2021. Thus, the Petitioner is allowed a total amount of Rs.66 million under the head of NEPRA License fee and Petition Fee.

- 11.32 In view of the discussion made in the preceding paras, the Authority has decided to allow an amount of Rs.236.51 million to the Petitioner, under the head of Administrative costs, for the FY 2021-22 with the following breakup;

| Description | Requested FY 2021-22 | Allowed FY 2021-22 |
|-----------------------------------|-------------------------|-----------------------|
| Administrative Costs | | |
| Rent Rate & Taxes | 95.00 | 95.00 |
| Power Light etc. | 12.00 | 12.00 |
| Communication | 15.00 | 9.71 |
| Office Supplies & Other Expenses | 15.00 | 11.00 |
| Travelling Expenses | 12.00 | 5.50 |
| Professional Fee & BOD Fee | 23.00 | 23.00 |
| NEPRA License & Petition Fee | 66.00 | 66.00 |
| General Misc. Expenses | 26.00 | 14.30 |
| Total Administrative Costs | 264.00 | 236.51 |



Repair and Maintenance

- 11.33 The Petitioner under the head of Repair & maintenance expenses has requested an amount of Rs.78 million for the FY 2021-22 and Rs.57 million each for the FY 2023 & 2024 as detailed hereunder;

| OFFICE OPERATIONS, SERVICES & MAINTENANCE FINANCIAL YEAR 2022-24 | | | | |
|---|-----------|-----------|-----------|-------------------|
| Description | FY 21 | FY 22 | FY 23 | Min. Rs. FY 24 |
| | Allowed | Requested | | |
| R&M General | 5 | 20 | 4 | 4 |
| I.T Services (Email Services, Internet Expansion, Software Renewals, & etc) | 53 | 48 | 46 | 45 |
| Vehicle Expenses Repair | 2 | 3 | 1 | 2 |
| Vehicle Expenses-Fuel & Oil (Running Cost) | 8 | 6 | 5 | 6 |
| Vehicle Expenses-License | 0.9 | 2 | 1 | 1 |
| Grand-total | 69 | 78 | 57 | 57 |

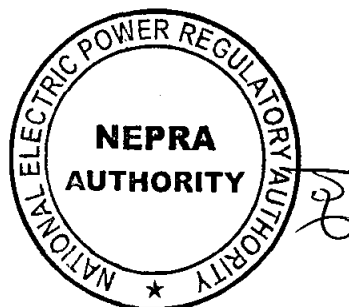
The Authority in order to have a fair assessment of the amount requested by the Petitioner, decided to analyze each head of Repair & Maintenance separately.

General Repair & Maintenance

- 11.34 For General R&M, the Petitioner has requested an amount of Rs.20 million for the FY 2021-22 and submitted that this head includes R&M of office furniture, Office renovation work, Sanitary & Plumbing works, Carpentry items, Electrical Fixtures, Gardening, R&M Lifts and other misc. items. The Petitioner stated that these expenditures mainly relate to office day to day operations, with major increase in R&M General over FY-21 is due to Rs.15 million projected for the renovation of office. The Petitioner accordingly requested to allow an amount of Rs.20 million for FY 22, Rs.4 million for FY 23 and Rs.4 million for FY 24.

| S.No | Scope | Unit | Cost | FY 2021-22 |
|------|---|------|---------|-------------------|
| 1 | Furniture & Fixture (Table,+ Chair, File Cab) | 100 | 5,000 | 500,000 |
| 2 | Renovation Work (Washroom) | 35 | 435,714 | 15,250,000 |
| 3 | Renovation Work (Washroom) | 10 | 50,000 | 500,000 |
| 4 | Carpentry | 200 | 1,500 | 300,000 |
| 5 | Sanitary & Plumbing Works | 1 | 100,000 | 100,000 |
| 6 | Installation of New Work Stations | 10 | 50,000 | 500,000 |
| 7 | Construction | 1 | 500,000 | 500,000 |
| 8 | Electrical (Firefighting) Refuelling | 1 | 400,000 | 400,000 |
| 9 | Electrical Fixtures | | 200,000 | 200,000 |
| 10 | HVAC Unit Parts | 1 | 700,000 | 700,000 |
| 11 | Gardening | 1 | 350,000 | 350,000 |
| 12 | Lift Repairing & Maintenance Contract | 1 | | 700,000 |
| | Repair & Maintenance Office | | | 20,000,000 |

- 11.35 The Authority noted that the Petitioner has proposed an increase of more than 375% over its last year actual expenditure of around Rs.5.33 million, for which the major reason, as per the details provided by CPPA-G, is renovation of washrooms. The cost proposed for repair of washrooms is around Rs.16 million.



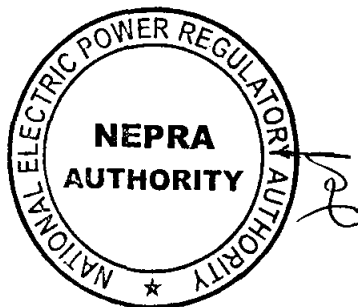
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- 11.36 The Authority is cognizant of the fact that the Petitioner is housed in a rented building and this should be the responsibility of the owner of the building to renovate/ repair the washrooms. Thus, it would not be fair to allow such huge cost of renovation of washrooms. Accordingly, the same is denied.
- 11.37 Here it is also pertinent to mention that the Authority allowed an amount of Rs.79.86 million to the Petitioner during the FY 2018-19, for office renovation, with the direction to provide documentary evidence along with complete details/justification of the amount incurred. The Authority also noted that in the Tariff determination of CPPA-G for the FY 2019-20, the Authority declined the request of the Petitioner for allowing any additional amount on this account owing to non-provision of documentary evidence for the already allowed amount, as earlier directed by the Authority. In view thereof, the Authority has decided not to allow any further amount for office renovation and directs the Petitioner to provide the documentary evidence of the amount already allowed in this regard.
- 11.38 For the remaining routine repair & maintenance, the Authority has decided to allow inflationary impact on the actual cost incurred by the Petitioner for the FY 2020-21. Thus, resulting in an amount of Rs.6 million for the FY 2021-22, which is hereby allowed to the Petitioner.

Vehicle Expenses Repair, Fuel & Oil

- 11.39 Regarding Vehicle expenses, the Petitioner has requested an amount of Rs.11 million for Vehicle repair, fuel and oil for the FY 2020-21. The Petitioner provided the following details for repair and maintenance;

| Sr No | Vehicle Registration No. | Make & Type | Model | Vehicle Status | Monthly Expenses | RM Expense Estimation 2021-22 | Token Taxes & Trackers FY 2021-22 | Total Amount |
|-------|--------------------------|--------------------|-------|----------------|------------------|-------------------------------|-----------------------------------|--------------|
| 1 | GAB 959 | Toyota Corolla Car | 2016 | Pool Vehicle | 15,347 | 184,160 | 3,200 | 187,360 |
| 2 | LWO 9468 | Toyota Corolla Car | 2006 | Pool Vehicle | 31,536 | 189,215 | 1,215 | 190,430 |
| 3 | LEC 4497 | Toyota Corolla Car | 2008 | Pool Vehicle | 34,548 | 207,290 | 1,215 | 208,505 |
| 4 | LEG 2702 | Toyota Corolla Car | 2007 | Pool Vehicle | 25,652 | 153,914 | 1,215 | 155,129 |
| 5 | LWK 1315 | Toyota Corolla Car | 2006 | Pool Vehicle | 14,897 | 89,381 | 2,530 | 91,911 |
| 6 | LEB 9032 | Toyota Corolla Car | 2008 | Pool Vehicle | 27,949 | 167,695 | 2,530 | 170,225 |
| 7 | LWO 9795 | Toyota Corolla Car | 2006 | Pool Vehicle | 35,115 | 210,689 | 1,215 | 211,904 |
| 8 | LEJ 1267 | Toyota Hiace | 2009 | Pool Vehicle | 15,200 | 91,202 | 3,530 | 94,732 |
| 9 | LEJ 1191 | Toyota Hiace | 2010 | Pool Vehicle | 27,841 | 167,048 | 3,600 | 170,648 |
| 10 | LWC 7210 | Toyota Hiace | 2006 | Pool Vehicle | 19,708 | 118,246 | 3,530 | 121,776 |
| 11 | LZB 4425 | Toyota Hiace | 2004 | Pool Vehicle | 12,874 | 77,244 | 1,730 | 78,974 |
| 12 | LEJ 1459 | Suzuki Cultus | 2011 | Pool Vehicle | 14,321 | 85,927 | 1,730 | 87,657 |
| 13 | LEJ 1162 | Suzuki Cultus | 2009 | Pool Vehicle | 12,900 | 77,400 | 1,730 | 79,130 |
| 14 | LEG 2446 | Suzuki Cultus | 2007 | Pool Vehicle | 13,844 | 83,063 | 1,730 | 84,793 |
| 15 | LEE 2428 | Suzuki Cultus | 2007 | Pool Vehicle | 9,819 | 58,913 | 1,730 | 60,643 |
| 16 | LWQ 4485 | Suzuki Bolan | 2006 | Pool Vehicle | 10,424 | 62,546 | 2,930 | 65,476 |
| 17 | LZV 5116 | Suzuki Bolan | 2005 | Pool Vehicle | 8,512 | 51,069 | 1,730 | 52,799 |
| 18 | LED 2207 | Suzuki Mehran | 2008 | Pool Vehicle | 12,176 | 73,056 | 1,730 | 74,786 |
| 19 | LEE 1349 | Suzuki Mehran | 2007 | Pool Vehicle | 6,275 | 37,650 | 1,730 | 39,380 |
| 20 | LZE 9090 | Suzuki Jeep | 2004 | Pool Vehicle | 8,596 | 51,574 | 1,730 | 53,304 |
| 21 | LZG 2288 | Suzuki Cultus | 2004 | Pool Vehicle | 21,593 | 129,560 | 1,730 | 131,290 |
| 22 | | Corolla Altis | 2021 | Pool Vehicle | | 50,000 | 182,120 | 232,120 |
| 23 | | Corolla Altis | 2021 | Pool Vehicle | | 50,000 | 182,120 | 232,120 |
| 24 | | Corolla Altis | 2021 | Pool Vehicle | | 50,000 | 182,120 | 232,120 |
| 25 | | Toyota Revo | 2021 | Pool Vehicle | | 50,000 | 321,360 | 371,360 |
| 26 | | Hyundai | 2021 | Pool Vehicle | | 50,000 | 349,146 | 399,146 |
| 27 | | Hyundai | 2021 | Pool Vehicle | | 50,000 | 349,146 | 399,146 |
| 28 | | WagonR | 2021 | Pool Vehicle | | 50,000 | 80,835 | 130,835 |
| 29 | | WagonR | 2021 | Pool Vehicle | | 50,000 | 80,835 | 130,835 |
| Total | | | | | | 2,766,839 | 1,771,692 | 4,538,530 |



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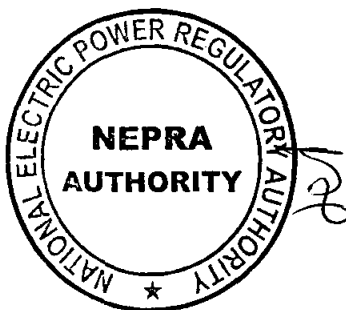
| SR: # | Name of vehicle | Model | Allocated | Average Vehicle POL Limit (Monthly) | Rate | Annual Cost | Monthly Average Lubricant, Filter, Service & Etc | Annual Cost | Total POL & Lubricant Etc 2022 |
|--------------|--------------------|-------|--------------|-------------------------------------|------|------------------|--|----------------|--------------------------------|
| 1 | Toyota Corolla Car | 2016 | Pool vehicle | 200 | 113 | 271,200 | 9,707 | 116,486 | 387,686 |
| 2 | Toyota Corolla Car | 2006 | Pool vehicle | 355 | 113 | 240,890 | 5,288 | 31,729 | 272,619 |
| 3 | Toyota Corolla Car | 2008 | Pool vehicle | 239 | 113 | 162,212 | 8,207 | 49,240 | 211,452 |
| 4 | Toyota Corolla Car | 2007 | Pool vehicle | 374 | 113 | 253,804 | 4,079 | 24,476 | 278,281 |
| 5 | Toyota Corolla Car | 2006 | Pool vehicle | 188 | 113 | 127,718 | 4,251 | 25,509 | 153,227 |
| 6 | Toyota Corolla Car | 2008 | Pool vehicle | 326 | 113 | 220,943 | 5,534 | 33,206 | 254,149 |
| 7 | Toyota Corolla Car | 2006 | Pool vehicle | 270 | 113 | 183,314 | 3,956 | 23,735 | 207,049 |
| 8 | Toyota Hiace | 2009 | Pool vehicle | 232 | 113 | 166,957 | 1,881 | 11,286 | 168,243 |
| 9 | Toyota Hiace | 2009 | Pool vehicle | 268 | 113 | 181,819 | 3,903 | 23,418 | 205,037 |
| 10 | Toyota Hiace | 2006 | Pool vehicle | 211 | 113 | 143,058 | 4,597 | 27,581 | 170,639 |
| 11 | Toyota Hiace | 2004 | Pool vehicle | 127 | 113 | 86,106 | 6,819 | 40,916 | 127,022 |
| 12 | Suzuki Cultus | 2011 | Pool vehicle | 188 | 113 | 127,718 | 2,123 | 12,737 | 140,455 |
| 13 | Suzuki Cultus | 2009 | Pool vehicle | 171 | 113 | 115,599 | 1,760 | 10,559 | 126,158 |
| 14 | Suzuki Cultus | 2007 | Pool vehicle | 184 | 113 | 124,922 | 4,417 | 26,502 | 151,423 |
| 15 | Suzuki Cultus | 2007 | Pool vehicle | 110 | 113 | 74,665 | 2,959 | 17,755 | 92,420 |
| 16 | Suzuki Bolan | 2006 | Pool vehicle | 101 | 113 | 68,309 | 3,722 | 22,332 | 90,640 |
| 17 | Suzuki Bolan | 2005 | Pool vehicle | 141 | 113 | 95,259 | 4,533 | 27,196 | 122,455 |
| 18 | Suzuki Mehran | 2008 | Pool vehicle | 118 | 113 | 79,665 | 1,967 | 11,805 | 91,470 |
| 19 | Suzuki Mehran | 2007 | Pool vehicle | 94 | 113 | 63,563 | 2,926 | 17,555 | 81,117 |
| 20 | Suzuki Jeep | 2004 | Pool vehicle | 133 | 113 | 90,428 | 574 | 3,446 | 93,874 |
| 21 | Suzuki Cultus | 2004 | Pool vehicle | 151 | 113 | 102,039 | 3,300 | 19,800 | 121,839 |
| 22 | Corolla Altis | 2021 | Pool vehicle | 417 | 113 | 282,500 | 8,000 | 48,000 | 330,500 |
| 23 | Corolla Altis | 2021 | Pool vehicle | 417 | 113 | 282,500 | 8,000 | 48,000 | 330,500 |
| 24 | Corolla Altis | 2021 | Pool vehicle | 417 | 113 | 282,500 | 8,000 | 48,000 | 330,500 |
| 25 | Toyota Revo | 2021 | Pool vehicle | 333 | 113 | 226,000 | 12,000 | 72,000 | 298,000 |
| 26 | Hyundai | 2021 | Pool vehicle | 417 | 113 | 282,500 | 5,000 | 30,000 | 312,500 |
| 27 | Hyundai | 2021 | Pool vehicle | 417 | 113 | 282,500 | 5,000 | 30,000 | 312,500 |
| 28 | WagonR | 2021 | Pool vehicle | 333 | 113 | 226,000 | 10,000 | 60,000 | 286,000 |
| 29 | WagonR | 2021 | Pool vehicle | 333 | 113 | 226,000 | 10,000 | 60,000 | 286,000 |
| TOTAL | | | | | | 5,060,287 | | 973,267 | 6,033,555 |

11.40 The Petitioner in order to justify its request submitted that this includes the cost of vehicle repair & maintenance, vehicle running cost (Petrol/ Diesel, Oil lubricants etc.), vehicle registration & annual token tax. The Petitioner further stated that it has bought 8 new vehicles and these vehicles will be on road from the FY 2021-22, and the old vehicles will be off road from FY 2022, therefore budget in this head is showing a decreasing trend for next years. The Petitioner accordingly requested an amount of Rs.11 million for FY 22, Rs.7 million for FY 23 and Rs.8 million FY 24 in the head of vehicle running cost.

11.41 Here it is pertinent to mention that the Authority allowed the Petitioner to procure 8 new vehicles in the FY 2020-21, based on the following submissions of the Petitioner;

"The Petitioner regarding new vehicles submitted that 16 vehicles have exhausted their useful life rather more than 10 years have passed and the said vehicles require a lot of repair (minor / major) / maintenance many times, otherwise it has become very much difficult to get the vehicles roadworthy all the times. The fleet has become unable to suffice the travelling needs and requirements of the CPPA-G staff particularly intra-city tours. The Petitioner accordingly requested an amount of around Rs.29 million in the head of New Vehicles."

11.42 Since the Petitioner has purchased new vehicles, therefore, making R&M expenses on old vehicles, which as per the Petitioner's own submissions have passed their useful lives and is very difficult to get them roadworthy, is not justified. In view thereof, the Authority has decided not to allow any R&M for the older vehicles and the Petitioner is directed to dispose-off these vehicles as early as possible. The R&M for the new vehicles i.e. Rs.2.5 million as requested by the Petitioner is hereby allowed for the FY 2021-22. Regarding Fuel Charges, the Authority has decided to allow POL as per request of the Petitioner i.e. Rs.6 million for the FY 2021-22, keeping in view the increased fuel prices and inflationary



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impacts. Thus, the Petitioner is allowed a total amount of Rs.8.5 million for both R&M and POL for the FY 2021-22.

R&M of I.T Services/ IT Subscriptions

- 11.43 The Petitioner for R&M of IT has requested an amount of Rs.48 million, under the head of R&M of I.T Services/ IT subscriptions for FY 2021-22 and has provided the following details in this regard;

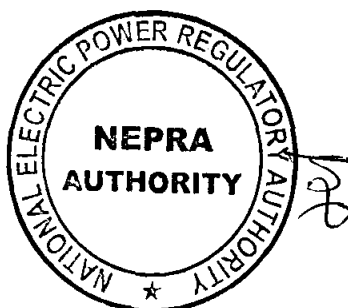
| CPPA-G - IT Budget 2021-2022 (OPEX) | | | |
|-------------------------------------|--|-----|---------------------------------|
| | Actions | Qty | Total |
| Software License Fee | Office 365 E3 Renewal | 1 | 9,500,000 |
| | Adobe CC 2019 Package (Creative Cloud for Teams - Annual Subscription) Renewal | 1 | 240,000 |
| | GenY Motion (Emulator for Android Development - Annual Subscription) Renewal | 1 | 30,000 |
| | iOS Store Account | 1 | 30,000 |
| | GitHub | 1 | 180,000 |
| | Dark Trace (Enterprise Immune System) License renewal | 1 | 7,000,000 |
| | Oracle Linux - Oracle Support Renewal. 3 Subscriptions Renewal for 03 Years, Expiry Date: Feb. 10' 2022 | 1 | 1,750,000 |
| | CISCO Firewall Licenses (TAMC & Cisco Firepower Management Centre) for 2 Devices- Renewal of agreement with Mega plus | 1 | 1,019,660 |
| | Solar Wind NPM License Renewal | 1 | 500,000 |
| | Renewal of Symantec Antivirus Endpoint Protection (200 Clients) with Techaccess | 1 | 357,000 |
| | Oracle EBS Applications License (Renewal of Licensing) | 1 | 1,300,000 |
| | CPPA-ZOOM Account Yearly Renewal. License Expiry Date: Sep 15, 2021 and one New Account | 1 | 80,000 |
| | Board PAC Subscription | 1 | 900,000 |
| | Total | | 22,886,660 |
| Support & Services Fee | Website (Hosting+Domain Name Registration) | 1 | 204,000 |
| | Annual ERP Phase-I Support | 1 | 11,000,000 |
| | Maintenance & Support Services for IT Infrastructure including Data Centre & backup Site Facilities (with parts)- Renewal of agreement with Fortek | 1 | 1,753,169 |
| | The Maintenance & Renewal of Support Services and Service Level Agreement | 1 | 5,459,040 |
| | Oracle Life Cycle Management Pack Processor P TSS Support Renewal for 03 Years, Expiry Date: Feb. 15' 2022 | 1 | 2,000,000 |
| | Old Record Migration to ECM | 1 | 2,400,000 |
| | SMS Gateway | 1 | 900,000 |
| | Total | | 23,716,209 |
| Repair & Maintenance | Misc. (External Hard Disk, USB Flash, & Data Recovery services etc, Laptops computers, Printers Repair Not covered under warranty) | 1 | 1,000,000 |
| | Total | | 1,000,000 |
| | | | Total Budget: 47,602,869 |

- 11.44 The Petitioner also submitted that it mainly includes cost related to software licenses fee, I.T support, I.T services and I.T repair & maintenance.

- 11.45 As evident from the aforementioned submissions of the Petitioner, the requested amounts are primarily for the renewal of license and ERP Fees. Considering the fact that CPPA-G is going to perform the MO function in future, for which IT services are essential for smooth operation of the entity, and the fact that actual expenditure of the Petitioner for the FY 2020-21 remained at around Rs.33 million, the Authority has decided to allow an amount of Rs.40 million as an upper cap, subject to its downward adjustment only once the Audited Financial statements for the Petitioner for the FY 2021-22 are available. The Petitioner is further directed to provide head wise detail of actual expenditure incurred against each item as mentioned above during the FY 2021-22.

Insurance and Financial Charges

- 11.46 The Petitioner regarding insurance and financial charges stated that insurance expenses of Rs.3.72 million for FY 2022, Rs.4.23 million for FY 2023 and Rs.4.49 million for FY 2024 have been requested @ 3% of its various assets as detailed below;



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FY 2022-224

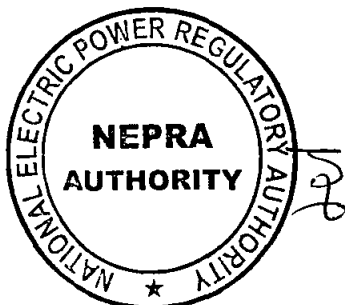
| Particular | No. of Vehicle | Vehicle Cost | Insurance 3% FY 2022 | Insurance 3% FY 2023 | Insurance 3% FY 2024 |
|-------------------------------------|----------------|-------------------|----------------------|----------------------|----------------------|
| Toyota Corolla GLI | 1 | 2,850,000 | 85,500 | 95,000 | 105,000 |
| Corolla Altis | 3 | 9,909,000 | 297,270 | 297,270 | 297,270 |
| Toyota Revo | 1 | 6,784,000 | 203,520 | 203,520 | 203,520 |
| WaganR | 2 | 3,083,484 | 92,505 | 92,505 | 92,505 |
| Hyundai | 2 | 14,957,300 | 448,719 | 448,719 | 448,719 |
| Geneartor | | | 90,000 | 90,000 | 90,000 |
| I.T/ Electronic Equipment Insurance | | | 2,500,000 | 3,000,000 | 3,250,000 |
| Total | 9 | 37,583,784 | 3,717,514 | 4,227,014 | 4,487,014 |

11.47 Regarding Financial charges, the Petitioner stated that these are normal bank charges, charged by banks against total transactions / projected payments of over Rs.1.5 trillion annually. The Petitioner accordingly projected finance charges of Rs.3 million for every year from the FY 2021-22 to 2023-24.

11.48 Considering the actual expenditure of the Petitioner for the FY 2020-21 i.e. Rs.0.088 million and the fact that the Petitioner has procured new vehicles of around Rs.37 million, the Authority has decided to allow Rs.1 million under the head of Insurance for the FY 2021-22. Regarding Finance charges, the Petitioner's actual cost for the FY 2020-21 remained around Rs.0.311 million, therefore, the Petitioner is allowed an amount of Rs.1 million for Finance charges for the FY 2021-22.

11.49 In view of the aforementioned discussion, head wise detail of costs allowed under General Establishment expenses, other administrative costs and Repair & Maintenance for the FY 2021-22 is as under;

| Description | Requested FY 2021-22 | Allowed FY 2021-22 |
|--|----------------------|--------------------|
| General Establishment Costs | | |
| Pay & Allowances | 652.00 | 548.55 |
| Salaries & Wages | 455.00 | 444.00 |
| Employee Benefits | 86.00 | 83.00 |
| Bonus | 38.00 | 21.55 |
| New Hiring | 73.00 | - |
| Trainings and Capacity Building | 7.40 | 2.00 |
| Outsources consultancy Expenses | 11.00 | 1.70 |
| Total General Establishment Costs | 670.40 | 552.25 |
| Administrative Costs | | |
| Rent Rate & Taxes | 95.00 | 95.00 |
| Power Light etc. | 12.00 | 12.00 |
| Communication | 15.00 | 9.71 |
| Office Supplies & Other Expenses | 15.00 | 11.00 |
| Travelling Expenses | 12.00 | 5.50 |
| Professional Fee & BOD Fee | 23.00 | 23.00 |
| NEPRA License & Petition Fee | 66.00 | 66.00 |
| General Misc. Expenses | 26.00 | 14.30 |
| Total Administrative Costs | 264.00 | 236.51 |
| Repair & Maintenance | 79.00 | 54.50 |
| Insurance & Financial Charges | 7.00 | 2.00 |
| Total | 1,020.40 | 845.26 |



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12. Whether the requested capital expenditure is reasonable and justified?

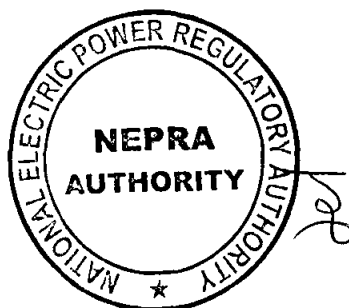
13. What is actual amount of investment incurred vis-à-vis allowed?

13.1 Regarding CAPEX, the Petitioner has requested an amount of Rs.58 million, Rs.52 million and Rs.51 million for the FY 2021-22, FY 2022-23 and FY 2023-24 respectively as detailed hereunder;

| Description | Min. Rs. | | | |
|------------------------------|------------------|-----------|--------------------|-----------|
| | FY 21 Allowed | FY 22 | FY 23 Requested | FY 24 |
| IT Equipment & Software | 19 | 51 | 47 | 45 |
| Replacement of Vehicle | 29 | - | - | - |
| Other Capex | 9 | 7 | 5 | 6 |
| IT Equipment & Software (MO) | 67 | - | - | - |
| Total | 123 | 58 | 52 | 51 |

13.2 The Petitioner regarding IT Equipment and Software's has stated that the that the ERP Financial including utility specific solutions to deal with billing, settlement and payment mechanism will tremendously improve CPPA-G capability to operate more effectively and also bring more transparency to operation and provide timely information to all participants. The proposed expenses in the head of IT equipment are mainly include Data Institutionalization and Publishing, IT Infrastructure Transformation, Operational Software's, Back-office Automation, ERP Implementation (Extension), IT Management Solutions, record management, Data Loss prevention solution, Task Management. Power Apps and Power automate licenses, In-house Application Development Environment and data center. The head wise breakup of the cost proposed for FY 2021-22 is as follows;

| CPPA-G - IT Budget 2021-2022 (CAPEX) | | | | | |
|--------------------------------------|----------------------------------|--|-----------|-----|------------|
| Sr. | Target | Actions | Budget | Qty | Total |
| 1 | IT Infrastructure Transformation | Laptops Core-i7, 8GB RAM, 512 SSD Hard Disk or latest SPECS | 200,000 | 61 | 12,200,000 |
| | | All in One Desktops For Dev Team and R&I Section | 200,000 | 10 | 2,000,000 |
| | | Window Server Licenses | 500,000 | 1 | 500,000 |
| | | HIGH END DEKSTOP COMPUTER FOR NOC | 600,000 | 1 | 600,000 |
| | | SolarWinds network topology mapper - 3 Years | 1,224,000 | 1 | 1,224,000 |
| | | Access switches 48 ports - 3 Years | 1,500,000 | 3 | 4,500,000 |
| | | UPS 2 KVA | 200,000 | 2 | 400,000 |
| | | UPS 1 KVA | 70,000 | 15 | 1,050,000 |
| | | Network Expansion including Parts and Labour | 500,000 | 1 | 500,000 |
| | | Network card for Datacentre 10KVA UPS | 50,000 | 2 | 100,000 |
| | | Server/ Storage expansion with enclosure | 6,000,000 | 1 | 6,000,000 |
| | | WIFI Solution Operationalization with eight additional Access Points | 500,000 | 1 | 500,000 |
| | | Revamping of CPPA-G Website | 1,000,000 | 1 | 1,000,000 |
| | | Contingent Hardware/Software | 1,000,000 | 1 | 1,000,000 |
| | | SMS Gateway | 300,000 | 1 | 300,000 |
| Total: | | | | | 31,874,000 |
| 2 | Operational Softwares | Robotic Automation- Automation of Data Collection Direct from the Source | 2,000,000 | | 2,000,000 |
| | | Record Management System | 1,000,000 | 1 | 1,000,000 |
| | | Trello Task Management | 360,000 | | 360,000 |
| | | Power Apps and Power Automate Licenses | 500,000 | 1 | 500,000 |
| | | MS Visual Studio Licenses | 85,000 | 3 | 255,000 |
| Total: | | | | | 4,115,000 |
| Total Budget: | | | | | 35,989,000 |



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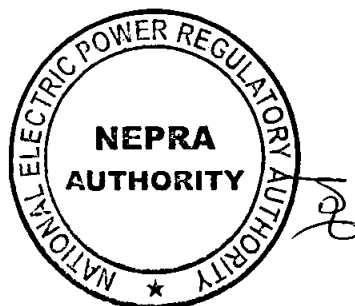
| Product Name | Description | 2022 | 2023 | 2024 | Total (PKR) |
|-----------------------|--|-------------------|-------------------|-------------------|-------------------|
| | | Pkr | Pkr | Pkr | Pkr |
| PLEXOS (1x License) | To be used for Dispatch Optimization, MT Planning, Fuel Requirements, Electricity Price Forecasting etc. | 14,603,700 | 15,333,885 | 16,064,070 | 46,001,655 |
| EVIEWS (1x License) | To be used for Statical analysis, Electricity price forecasting, etc. | 91,500 | 96,075 | 100,650 | 288,225 |
| Total (in PKR) | | 14,695,200 | 15,429,960 | 16,164,720 | 46,289,880 |

- 13.3 The Petitioner regarding other CAPEX stated that the procurement of remaining office equipment i.e., furniture & fixtures, steel racks, internal sound systems, walk through gate, Telephone exchange, luggage scanner and hand metal detector & misc. items. The Authority is requested to approve an amount of Rs.7 million for FY 2022, Rs.5 million for FY 2023 and Rs.6 million for FY 2024 in the head of other CAPEX.

| Description | Min. Rs. | | |
|--|------------------|------------------|------------------|
| | FY 2022 | FY 2023 | FY 2024 |
| 1.1 Racks | 1,500,000 | - | - |
| 1.2 Furniture & Fixture | 1,300,000 | - | - |
| 1.3 Setup for Cafeteria | 1,050,000 | - | - |
| 1.4 Internal Sound System | 500,000 | - | - |
| 1.5 Walk Through Gate | 500,000 | - | - |
| 1.6 LED's Required in Building | 1,000,000 | - | - |
| 1.7 Library Setup | 800,000 | - | - |
| 1.8 Additional Camera Installation in Building | 500,000 | - | - |
| Others | - | 5,000,000 | 6,000,000 |
| | 7,150,000 | 5,000,000 | 6,000,000 |

- 13.4 To have a fair assessment of the Petitioner request for I.T CAPEX, the cost requested under various heads by the Petitioner allowed for the FY 2020-21 has been analyzed. Here it is pertinent to mention that the Petitioner was allowed the following costs for IT CAPEX during the FY 2020-21;

| CPPA-G - IT Budget 2020-2021 | | | | | |
|------------------------------|---|---|------------|------------|-----------|
| Sr. | Target | Actions | Allocated | Consumed | Remaining |
| 1 | ERP and Business Solution | Oracle Enterprise Manager (OEM) | 3,395,769 | 3,395,769 | |
| | | Oracle Linux Basic Support Subscription | | | |
| | | Record Management Solution (Software+Implementation) | 500,000 | - | 500,000 |
| | | Robotic Automation- Automation of Data Collection Direct from the Source | 2,000,000 | - | 2,000,000 |
| | | | | 5,895,769 | 3,395,769 |
| 2 | User Computing | Laptops Core-i7, 8GB RAM, 512 SSD Hard Disk or latest SPECS | 2,550,000 | 2,406,600 | 143,400 |
| | | Machine For IOS Development | 450,000 | 450,000 | - |
| | | Contingent Hardware | 250,000 | 250,000 | - |
| | | | 3,250,000 | 3,106,600 | 143,400 |
| 3 | DataCenter Capacity/ Network Information Security | MACHINE LEARNING BASED NETWORK THREAT DETECTION AND RESPONSE SYSTEM (DarkTrace) | 8,000,000 | 7,000,000 | 1,000,000 |
| | | Window Server 2019 Standard (for 96 Cores) | 2,171,481 | 1,400,000 | 771,481 |
| | | SAN Storage Expansion | 3,580,000 | 3,221,634 | 358,366 |
| | | | 13,751,481 | 11,621,634 | 2,129,847 |
| 4 | Operational Software | Microsoft Visual Studio Professional 2017 or latest | 400,000 | 397,393 | 2,605 |
| | | IOS Emulator/Iphone set | 200,000 | 0 | 200,000 |
| | | GenyMotion Android Emulator (INDIE License) | 50,000 | 27,960 | 22,040 |
| | | | 650,000 | 425,353 | 224,645 |
| | | | | | |
| Total Budget: | | | 23,547,250 | 18,549,358 | 4,997,892 |



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- 13.5 Similarly for the MO function, the Petitioner was also allowed an amount of Rs.67 million for the FY 2020-251 as detailed below;

| Market Operator (CTBCM) - IT Budget 2020-2021 | | | | |
|---|---|------------|------------|-----------|
| Sr. Target | Action | Allocated | Consumed | Remaining |
| 1 ERP and Business Solution | Oracle Licenses for Data Institutionalization Project | 30,000,000 | 30,000,000 | - |
| | | 30,000,000 | 30,000,000 | 0 |
| 2 User Computing | Laptops (10th Generation) | 10,500,000 | 4,978,100 | |
| | Interactive Smart Screens 65" | | 3,150,000 | |
| | | 10,500,000 | 10,128,100 | 371,900 |
| 3 DataCenter Capacity, Network Information Security | Servers/Hyper Converge Infrastructure Solution | | 11,719,235 | |
| | Storage Expansion | 20,500,000 | 4,166,400 | |
| | Secure Recursive DNS Solution | | 4,511,163 | |
| | | 20,500,000 | 20,336,798 | 163,202 |
| 4 Operational Software | Triack DevCraft UI | | 611,566 | |
| | DB Forge for MySQL Professional Edition | | 73,460 | |
| | Adobe Creative Cloud for Team (Adobe CC 2019) | 10,200,000 | 220,412 | |
| | IOS Store Account | | 25,113 | |
| | Microsoft Visio Professional 2019 (4 License) | | 397,397 | |
| | Website Development Services | | 5,174,194 | |
| | | 10,200,000 | 6,504,536 | 3,695,464 |
| Total Budget: | | 71,200,000 | 66,969,434 | 4,230,566 |

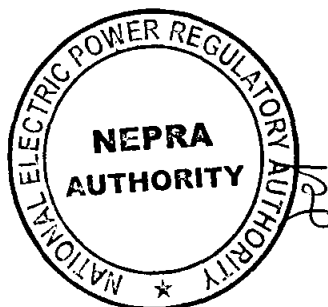
- 13.6 The Petitioner stated that warranty of 32 of the Laptops has expired and as per IT Asset Policy Life of IT Equipment is three years. In this regard cost of Rs.6.4 million has been requested to procure new laptops along-with additional laptops of around Rs.5.8 million. Similarly certain costs which were requested in the last year have been requested again in the current year CAPEX.

- 13.7 In view thereof, and the costs allowed to the Petitioner last year, the Authority has decided to allow only an amount of Rs.15 million against the requested CAPEX of Rs.51 million, subject to downward actualization only, based on the Audited Financial statements for the FY 2021-22. The Petitioner is directed to provide head wise detail of actual expenditure incurred against each item during the FY 2020-21 and also for the amount being allowed for the FY 2021-22.

- 13.8 Regarding other Capex for office renovation, the Authority has already allowed Rs.79.86 million to the Petitioner during the FY 2018-19, with the direction to provide documentary evidence along with complete details/justification of amount incurred. Similarly, the Authority also in the Tariff Petition of CPPA-G for the FY 2019-20 declined the request of the Petitioner for allowing any additional amount on this account owing to non-provision of documentary evidence for the already allowed amount, as directed by the Authority. In view thereof, the Authority has decided not to allow any further amount for office renovation and directs the Petitioner to provide the documentary evidence of the amount already allowed in this regard.

14. Whether the requested Prior Year Adjustment and Other Income is justified?

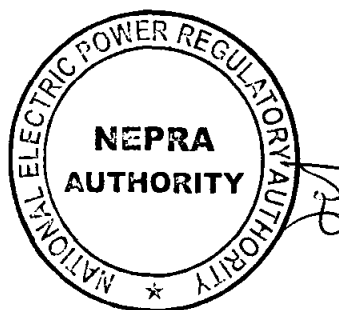
- 14.1 The Petitioner, regarding the Prior Year Adjustment and Other Income stated that the Authority determined the MoF of Rs.1.61/kW/M to meet the revenue requirement of the company for the FY 2020-21. It has also been submitted that since it has filed a review against the MoF determination of FY 2020-21, and the decision of which is still awaited, therefore, the working of the PYA for FY 2020-21 (Provisional) has been computed based on the above-mentioned determination and actual expenditure of CPPA-G for the FY 2020-21 as tabulated below:



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| | | | |
|---------------------------|---------------|--------|---------------|
| FY 2020-21 | | | |
| Determined | 1.6100 | 23,693 | 457.75 |
| Recovery | 1.4610 | 25,583 | 447.32 |
| | | | 10.43 |
| O&M Expenses | | | |
| Determined | 786.68 | | |
| Actual | <u>853.80</u> | | 67.12 |
| Capex | | | |
| Determined | 123.42 | | |
| Actual | <u>124.46</u> | | 1.04 |
| Other Income | | | |
| Determined | 334.09 | | |
| Actual | 296.28 | | 37.81 |
| Tax | | | |
| Determined | 69.91 | | |
| Actual | <u>72.49</u> | | 2.58 |
| PYA for FY 2020-21 | | | 118.98 |

- 14.2 In view of the above submissions, the Petitioner has requested the Authority to allow Rs.118.98 million in the head of Prior Year Adjustment to actualize the actual cost of FY 2020-21 (upward /downward) based on the audited financial statements of FY 2020-21.
- 14.3 Here it is pertinent to mention that the Authority in the Market fee determination of the Petitioner for the FY 2020-21, allowed actualization to the extent of Pay & Allowances portion, CAPEX, Tax Payments and Other income only, once the Audited accounts of the Petitioner for the FY 2020-21 are available. For the remaining heads, the amount allowed in aggregate, shall be considered as the maximum cap, subject to its downward revision only, if the actual expenditure of the Petitioner in total, remains lower than the amount allowed.
- 14.4 Regarding Other Income for the FY 2020-21, the Authority noted that the Petitioner was allowed Other Income of Rs.334.09 million, however, as per the Financial Statements of the Petitioner for the FY 2020-21, its actual Other income is Rs.296.28 million (interest income). Accordingly, for working out the PYA of the Petitioner for the FY 2020-21, actual other income of Rs.296.28 for the FY 2020-21 has been used.
- 14.5 For the remaining heads, the amount allowed in aggregate, was to be considered as the maximum cap, subject to its downward revision only, if the actual expenditure of the Petitioner in total, remains lower than the amount allowed, however, the Petitioner has actualized its entire O&M costs. Therefore, for the purpose of calculation of PYA, the amount allowed for all such heads has been clubbed together, but since the actual expenditure of the Petitioner remained lower than the amount allowed for the FY 2020-21 by Rs.1.03 million, therefore, adjustment to the extent of Rs.1.03 million has been made in the PYA.
- 14.6 The Petitioner has also claimed tax adjustment of Rs.2.58 million under the PYA, and same has been considered while working out the PYA.
- 14.7 Based on the discussion made above, the Petitioner's PYA pertaining to the FY 2020-21, has been worked out as Rs.42.90 million after taking into account the decision of Review



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Motion dated 12.11.2021, against the requested amount of Rs.118.98 million, as detailed below;

| | | | Rs. In Mln |
|---------------------------------------|----------|--------|------------|
| FY 2020-21 | | | |
| | Rs./KW/M | MDI | |
| Determined | 1.71 | 23,693 | 486.07 |
| Recovery | 1.46 | 25,583 | 448.52 |
| Under Recovered | | | 37.55 |
| Salaries, Wages & Benefits | | | |
| Determined | | | 613.36 |
| Actual | | | 643.12 |
| | | | 29.76 |
| Other O&M | | | |
| Determined | | | 199.19 |
| Actual | | | 227.00 |
| | | | - |
| Other Income | | | |
| Determined | | | (334.09) |
| Actual | | | (296.28) |
| | | | 37.81 |
| CAPEX FY 20 | | | |
| Determined | | | 123.42 |
| Actual | | | 61.21 |
| | | | (62.21) |
| Tax | | | |
| Determined | | | 69.91 |
| Actual | | | 72.49 |
| | | | 2.58 |
| PYA for FY 2020-21 | | | 45.48 |

Other income

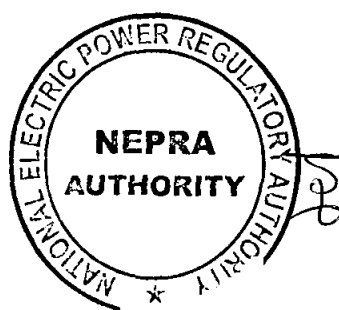
- 14.8 The Petitioner has projected Other income of Rs.269 million for the FY 2021-22. Regarding assessment of Other Income for the FY 2021-22, the Authority has decided to allow the same amount i.e. Rs.269 million, subject to its actualization once the Audited accounts of the Petitioner are available for the FY 2021-22.

Income Tax

- 14.9 The Petitioner has also requested income Tax of Rs.46.92 million for the FY 2021-22, and provided details of the same. Accordingly, the same has been considered while working out the revenue requirement of CPPA-G for the FY 2021-22.

15. Whether request of the Petitioner to actualize (upwards/downwards) administrative cost costs based on financial statement for the FY 2021-22 is justified?

- 15.1 The Petitioner submitted that it is operating under Market Rules 2015 and performing various functions on behalf of DISCOs, and meets its operational needs solely through Market Operation Fee determined by the Authority. It has further been stated that around 70% of total Market Operation Fee represents salaries & wages of employees and remaining 30% portion covers other essential needs like office rent for space requirement, travelling, office supplies, BoD & Audit Fee, NEPRA Licensing Fee, IT services, CAPEX etc. It is has further been mentioned that all expenditures are essential and legitimate in nature and by



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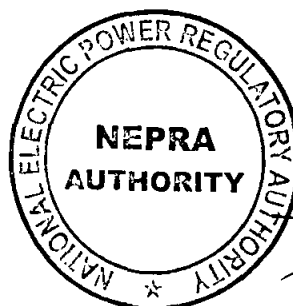
applying a cut on the actual expenditure, CPPAG will be unable to run its operational activities smoothly. Hence, the Authority is requested to allow the actualization of expenditure based on the audited financial statements of FY 2022-24 when available and for CPAEX actualization.

- 15.2 The Petitioner, although, has requested to actualize all of its administrative costs, however, the Authority has decided to actualize costs only to the extent of Pay & Allowances part, Tax payments, and other income, once the Audited Financial Statements of the Petitioner for the FY 2021-22 are available. For the remaining heads of administrative expenses, the amount allowed in aggregate, shall be considered as the maximum cap, subject to its downward revision only, if the actual expenditure of the Petitioner in total, remains lower than the amount allowed, once the Audited Financial Statements of the Petitioner for the FY 2021-22 are available. Similarly, for Repair & Maintenance & CAPEX, the allowed amount is the maximum cap and shall be adjusted downward only if the actual cost remains lower, once the Audited Financial Statements of the Petitioner for the FY 2021-22 are available.

16. Whether the additional amount of Rs.630 million regarding Market Operator Functions i.e. HR, Training & Capacity building and I.T etc. for FY 2021-22 is justified? CPPA-G to provide complete rationale/justification in this regard.

- 16.1 The Petitioner submitted that NEPRA vide Determination dated 5th December 2019, approved high Level / Conceptual Design of Competitive Trading Bilateral Contract Market (CTBCM), a wholesale electricity market model. It further stated that detailed design and Implementation Roadmap of CTBCM, approved by NEPRA on 12.11.2020, envisages bifurcation of CPPA-G into Market Operator (MO) and Special Purpose Trader (SPT) in order to avoid any possible conflict of interest arising on account of its dual functions. This separation will be completed in phases. The budget broadly for the purpose of MO, consists of Capital Expenditure and Operating Expenditure as detailed hereunder;

| Description | PKR Million | Description / major components |
|---|---------------|--|
| Capex requirements: | | |
| <u>IT Systems & solutions</u> | 228.89 | Major chunk (Rs 140M) is for development of Market Management System (MMS) |
| <u>Pool vehicles</u> | 18.65 | 3 Pool cars, including one for CEO and one staff van |
| <u>Furniture, fixtures & appliances</u> | 13.14 | Executive offices & seating arrangement for staff in line with Head Count |
| | <u>260.68</u> | |
| Opex requirements: | | |
| <u>IT Opex</u> | 25.80 | O&M for IT Systems & solutions |
| <u>Human Resource cost</u> | 162.30 | HR Cost of Head Count based on current pay scale |
| <u>Admin expenses</u> | 27.38 | Include POI, maintenance, insurance, office supplies and other fee etc. |
| <u>Consultancy & Licensing fee</u> | 57.31 | International, local consultants and NEPRA licensing fee of Rs 10M |
| <u>Training & capacity building</u> | 96.73 | Market trainings, corporate trainings for MO staff etc. |
| | <u>369.52</u> | |
| Total Budget | <u>630.20</u> | |



16.2 The Petitioner further provided the following details in this regard;

16.2.1 **Human Resource cost:** HR cost includes salaries and other benefits based on 'pay scale structure' prevalent in CPPA-G. Other benefits consist of provident fund, gratuity, earned leaves, EOBI, GLI, medical benefits etc. For employees currently working in SMD department, existing salaries have been projected after applying 10% increase over actual basic pay. A staffing plan has been prepared for fresh hiring of 58 employees in four (4) batches:

| Batch | Month of onboarding | No. of employees |
|-----------------|---------------------|------------------|
| 1 st | Sep-21 | 10 |
| 2 nd | Dec-21 | 20 |
| 3 rd | Jan-22 | 13 |
| 4 th | Mar-22 | 15 |
| Total | | 58 |

These salaries have been budgeted based on expected time of onboarding, which is in line with status of preparedness for market operationalization. The Authority is requested to approve an amount of Rs.162 million for FY 21-22 under the head of HR cost.

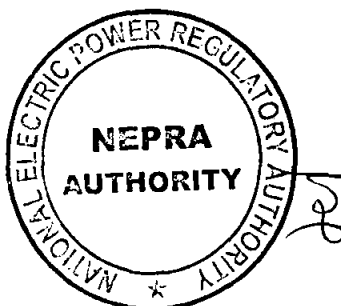
16.2.2 **Admin expenses:** Admin expenses consist of POL of pool vehicles, insurance, communication & postage, printing & stationery, branding & advertisement, office supplies, travelling expenses, BoD & committees fee, external audit fee (after legal separation of MO) etc. Rent & utilities have not been budgeted in line with the assumption that MO will be accommodated in the existing building for 1st year. The Authority is requested to approve an amount of Rs. 27 million for FY 21-22 under the head of Admin expenses.

16.2.3 **Consultancy & Licensing fee:** Market consultancy services obtained from international firm is the major chunk under this head. An RFP has already been launched to solicit such services from renowned firms. This budget has been based on man days / level of efforts required of the consultants. In addition to this, local consultants are also required to provide support in areas like Business Process Re-engineering, Code & Regulatory matters and taxation etc. NEPRA Licensing fee of Rs.10 million has also been budgeted. The Authority is requested to approve an amount of Rs.57 million for FY 21-22 under this head as given below;

| Sr. No. | Details | Amounts (Rs 'M') |
|---------|-------------------------|------------------|
| 1 | Market consultancy firm | 40.11 |
| 2 | Local consultants * | 7.20 |
| 3 | NEPRA Licensing fee | 10.00 |
| | Total budget | 57.31 |

** Include BPR Consultant, Advisor on Code & Regulatory matters, Technical Advisors, Legal counsel & Tax consultants*

16.2.4 **Training & Capacity building:** Market trainings and capacity building of major stakeholders are essential for effective operations of the wholesale electricity market. In addition to this, corporate trainings (including soft skills trainings) would be required for MO staff.



Renowned business schools and executive training providers shall be engaged for these interventions. An amount has been provided for participation in international conferences / specialized trainings on electricity markets and product design etc. Keeping in view the previous trend and requirements of the market, such interventions have been budgeted. The Authority is requested to approve an amount of Rs.97 million for FY 2021-22 under the head of training & capacity building as detailed below;

| Sr. No. | Details | Amounts (Rs 'M') |
|---------|--|------------------|
| 1 | Market trainings & capacity building | 80.90 |
| 2 | Corporate trainings for MO staff | 3.31 |
| 3 | International conferences / specialized training | 3.44 |
| 4 | Workshops and seminars | 7.02 |
| 5 | Other trainings | 2.06 |
| | Total budget | 96.73 |

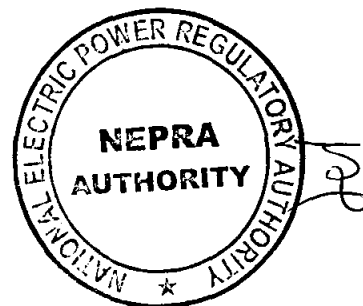
| Sr. # | Program Name | Scope / subject matters | Target audience | No. of participants | Cost (Rs 'M') |
|-------|---------------------------------------|---|-------------------------------------|---------------------|---------------|
| 1 | Market orientation & implementation | Code of Corporate Governance, Legal & Policy Framework, Utility Business, Strategic Planning & Overview of CTBCM | Board members, Chairman & Secretary | 240 | 5.05 |
| 2 | CTBCM High Level Framework | Overview of CTBCM, Roles & responsibilities under CTBCM and implementation plan | Senior Management & Directors | 160 | 2.62 |
| 3 | Electricity Market Professional (EMP) | Complete framework for all participants, Detailed design, detailed courses on Policy, Act, Codes & Standards | Operational Management & MIRAD | 598 | 20.40 |
| 4 | Specialized / advanced trainings | Demand forecasting, generation planning, production simulation, transmission planning, market contracts, compliance & enforcement, tariff modeling etc. | Operational Management & MIRAD | 439 | 52.93 |
| | Total budget | | | 1,437 | 80.90 |

16.2.5 **IT OPEX:** This head comprises of recurring cost related to maintenance and support of IT systems and solutions. OPEX related to each system / solution has been separately identified and budgeted. The Authority is requested to approve an amount of Rs.26 million for FY 2021-22 under this head.

16.2.6 **CAPEX:** The Petitioner regarding CAPEX of Market Operator submitted that it includes the following;

- ✓ IT Systems & Solution
- ✓ Pool vehicles
- ✓ Furniture, fixtures & appliances

| Description | Requested |
|----------------------------------|------------|
| | Mln Rs. |
| IT Systems & solutions | 229 |
| Pool vehicles | 19 |
| Furniture, fixtures & appliances | 13 |
| Total | 261 |



- 16.2.7 **IT Systems and Solutions:** Market Management System (MMS) is the most critical and important core business solution of the Market Operator, required for proper functioning of the wholesale electricity market. It will support all phases of the market, ranging from registration of market participants, contracts registration, certification of capacity obligation, balancing mechanism and resulting settlement of the market. It will also cater complaints management and dispute resolution. MMS will also include the feature of web-based electronic communication (through internet) of market participants and service providers with the MO. An amount of Rs.140 million (representing 70% of total cost) has been budgeted in the first year, when its configuration and implementation is expected to be completed by end of the year.

Demand forecasting tools (both in short term and medium term) are required to undertake simulation trails under different scenarios and assess impact for the market and enable important decision making. Short Term Load Forecasting (STLF) tool has already been developed and in the process of improvement. Only remaining milestone payments have been budgeted. Medium term forecasting tool shall also be procured and has been budgeted on the indicative estimate.

An official website for Market Operator will be developed to disseminate information among the stakeholders (including public at large), in addition to fulfilling a statutory requirement. There will a dedicated login area on the web page, for market participants to interact with the MO and exchange essential information.

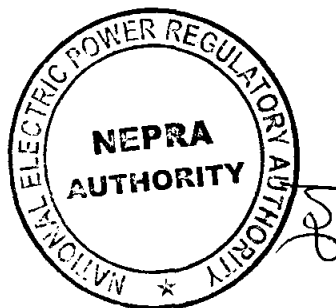
User level equipment (laptops & screens etc.) and office equipment (printers, fax machine & copier etc.) will be required for MO staff and have been budgeted in line with staffing plan, spanning over a period of three (3) years.

Additional licenses of ERP would also be required for MO staff and have been budgeted according to users' need. The Authority is requested to approve an amount of Rs.229 million for FY 21-22 in the head of IT Systems and Solutions.

- 16.2.8 **Pool Vehicles:** 2 Toyota cars (1.6L) have been budgeted for use of MO staff, whereas one car has been budgeted for Chief Executive Officer. In addition to this, one Toyota Hiace has also been budgeted to cater for the situation where more than 4 members are required to travel for official purposes. The Authority is requested to approve an amount of Rs.19 million for FY 21-22 under this head.

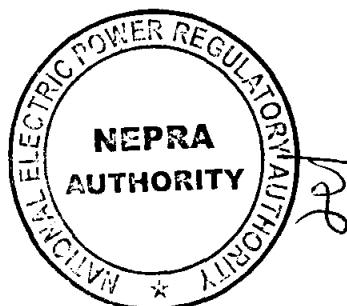
- 16.2.9 **Furniture, fixtures and appliances:** Furniture and fixtures (including seating arrangements and enabling working environment) have been budgeted in line with staffing plan. Offices of CEO and other heads of the department will also be required. Certain appliances for kitchen use like refrigerator, microwave oven and water dispenser will be required to serve the MO staff. These appliances have been budgeted in line with staff strength and will be enhanced over the time as per requirement. Underlying assumption while budgeting under this head, was that MO shall be accommodated in this building; Shaheen Plaza by end of this year and only additional facilities will be procured. The Authority is requested to approve an amount of Rs.13 million for FY 21-22 under this head.

- 16.3 The Authority observed that CTBCM would be functional w.e.f. 01.05.2022, and thereafter the functions of MO would be separated from CPPA-G. Thus, the Human Resource cost of



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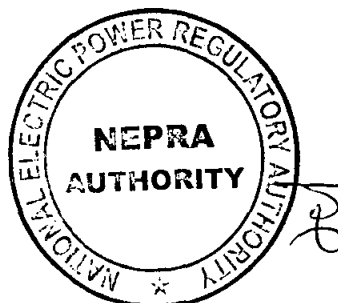
- Rs.162 million, including new hiring of 58 employees, requested by CPPA-G for the purpose of MO is not relevant for the FY 2021-22, as the Authority has already allowed Pay & Allowances of all employees working in CPPA-G including employees working / hired for MO function in the total HR cost of CPPA-G as mentioned in the preceding paras. Thus, no separate/ additional cost for the employees working for MO Function is being allowed until the MO function is separated from CPPA-G and becomes an independent entity.
- 16.4 Regarding Admin expenses and Rent & utilities, the Authority in view of the submissions of CPPA-G, whereby it has been stated that it will be housed in the same building for the first year, and the fact that CPPA-G and MO have not been legally separated and are single entity, has decided not to allow any cost on account of admin expenses separately for the MO function, as cost of admin expenses has already been allowed to CPPA-G in the preceding paras.
- 16.5 Similarly, for the Consultancy & Licensing fee, the Petitioner submitted that the Market consultancy services obtained from international firm is the major chunk under this head for which an RFP has already been launched to solicit such services from renowned firms. It has further been stated that this budget has been based on man days / level of efforts required of the consultants. In addition to this, local consultants are also required to provide support in areas like Business Process Re-engineering, Code & Regulatory matters and taxation etc. The Authority noted that no TORs / justification has been provided by CPPA-G except that an RFP has been launched to solicit such services from renowned firms. Therefore, in the absence of any such detailed TORs/ justification, no cost is being allowed in this regard. In case any cost is incurred by the Petitioner in this regard and it provides complete justification to the satisfaction of the Authority, the Authority may consider to allow such costs as part of PYA. Further, cost of consultants hired by CPPA-G has already been allowed in the preceding paras, therefore, no additional cost in this regard is being allowed separately for the MO Function.
- 16.6 Regarding Training & Capacity building, the Petitioner submitted that Market trainings and capacity building of major stakeholders would be essential for effective operations of the wholesale electricity market.
- 16.7 Although, Market trainings and capacity building would be essential for effective operations of the wholesale electricity market, however, the number of participants and correspondingly the amount proposed by CPPA-G is very high, for which no proper justification has been submitted. In view thereof, the Authority has decided to allow an amount of Rs.40 million under the head of Training & Capacity Building for the FY 2021-22. The same would be considered as an upper cap, subject to its downward adjustment only once the Audited Accounts of CPPA-G for the FY 2021-22 are available.
- 16.8 For the CAPEX requirements pertaining of MO function of Rs.261 million, the Authority noted that major cost is for the Market Management System (MMS). As per the Petitioner, MMS is the most critical and important core business solution of the Market Operator, required for proper functioning of the wholesale electricity market and will support all phases of the market, ranging from registration of market participants, contracts registration, certification of capacity obligation, balancing mechanism and resulting settlement of the market. It has further been explained that it caters complaints



management and dispute resolution and will also include the feature of web-based electronic communication (through internet) of market participants and service providers with the MO.

- 16.9 While analyzing the data, the Authority noted that the Petitioner has also requested cost of PLEXOs under the MO Function, which has also been requested under the costs of CPPA-G. Further, the Authority in the MoF determination of CPPA-G for the FY 2020-21, allowed a CAPEX of Rs.123.4 million to CPPA-G, including Rs.66.9 million for the MO function.
- 16.10 Considering the fact that CPPA-G/ MO would be housed in the same building for the first year, and that CPPA-G and MO have not been legally separated and are single entity, and the aforementioned details of amount already allowed to CPPA-G for the purpose of MO (CTBCM) vis a vis its current request, the Authority has decided to allow only the amount of Rs.140 million for the purpose of Market Management System (MMS) for the MO Function. The allowed amount would be considered as maximum cap subject to its downward adjustment only if the actual expenditure of the Petitioner remains lower than the allowed amount, once the Audited accounts of the Petitioner for the FY 2021-22 are available. The Petitioner is also directed to provide complete detail of the amount incurred for the purpose of MMS.
- 16.11 Regarding OPEX for IT, it has been submitted by the Petitioner that this comprises of recurring cost related to maintenance and support of IT systems and solutions. The Authority considering the fact that CPPA-G/ MO would be housed in the same building for the first year, and the fact that CPPA-G and MO have not been legally separated and are single entity, and IT related OPEX cost of around Rs.40 million has already been allowed to CPPA-G, the Authority has decided not to allow any cost on account of IT OPEX separately for the MO function.
- 16.12 Similarly, for the costs claimed for Pool Vehicles and Furniture and fixtures, the Authority has decided not to allow any additional amount in this regard considering the fact that CPPA-G and MO have not been legally separated and are single entity and are housed in the same building.
17. Based on the assessments made in the preceding paragraphs the Market Operation fee of the Petitioner for the FY 2021-22 is assessed as per the following details;

| Description | Allowed FY 2021-22 |
|----------------------------------|-----------------------|
| Revenue Requirement (Mln. Rs.) | 863.67 |
| Avg. monthly MDI (MW) | 26,535 |
| Market Operation Fee (Rs. /kW/M) | 2.71 |



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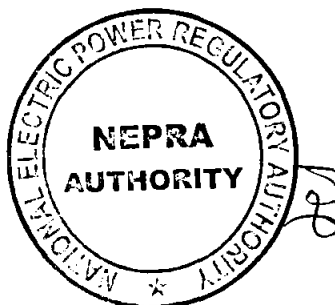
| Description | Allowed FY 2021-22 |
|---|-----------------------|
| General Establishment Costs | |
| Pay & Allowances | 548.55 |
| Salaries & Wages | 444.00 |
| Employee Benefits | 83.00 |
| Bonus | 21.55 |
| New Hiring | - |
| Trainings and Capacity Building | 2.00 |
| Outsources consultancy Expenses | 1.70 |
| Total General Establishment Costs | 552.25 |
| Administrative Costs | |
| Rent Rate & Taxes | 95.00 |
| Power Light etc. | 12.00 |
| Communication | 9.71 |
| Office Supplies & Other Expenses | 11.00 |
| Travelling Expenses | 5.50 |
| Professional Fee & BOD Fee | 23.00 |
| NEPRA License & Petition Fee | 66.00 |
| General Misc. Expenses | 14.30 |
| Total Administrative Costs | 236.51 |
| Repair & Maintenance | 54.50 |
| Insurance & Financial Charges | 2.00 |
| Total General Estab & Admin Expenses | 845.26 |
| CAPEX- CPPA | 15.00 |
| Gross Fee | 860.26 |
| Other Income | (269.00) |
| Tax | 46.92 |
| Prior Year Adjustment (PYA) | 45.48 |
| Net Revenue Requirement | 683.67 |
| Costs allowed for MO Functions | |
| CAPEX | 140.00 |
| Training | 40.00 |
| Other Administrative costs | - |
| Total | 180.00 |
| Grand Total | 863.67 |

18. ORDER

- I. The Central Power Purchasing Agency Guarantee (CPPA-G) is hereby allowed to charge such fee on such terms and conditions as provided hereunder:
- II. Central Power Purchasing Agency Guarantee (CPPA-G), for provision of Market Operator and allied services, is allowed to recover its assessed fees for the FY 2020-21 on the following rates, based on average monthly MDI of 26,535 MW for the FY 2021-22.

Market Operator Fee (MOF) = Rs. 2.71/kW/month

- III. CPPA-G shall charge the DISCOs, a transfer charge for procuring power from approved generating companies & its delivery to DISCOs for a billing period as under;



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$$TP = CTP_{(Gen)} + UOSC_{(Trans)} + MOF + ETP_{(Gen)}$$

Where:

- TP = Transfer Price to XWDISCOs or any other Market Participant
- $CTP_{(Gen)}$ = Capacity Transfer Price to XWDISCOs or any other Market Participant in Rs./kW/Month
- $UOSC_{(Trans)}$ = Use of System Charge to XWDISCOs or any other Market Participant in Rs./kW/Month
- MOF = Market Operator Fee to XWDISCOs or any other Market Participant in Rs./kW/Month
- $ETP_{(Gen)}$ = Energy Transfer Price to XWDISCOs or any other Market Participant in Rs./kWh
- $CTP_{(Gen)} = \frac{GenC}{PD(sys)}$
- $UOSC = \frac{USCF}{PD(sys)}$

Where:

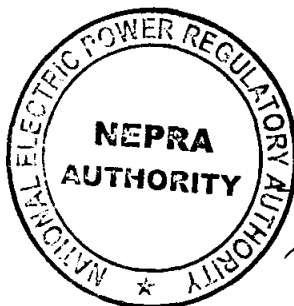
- GenC = Summation of the Capacity Cost pertaining to generation in Rupees for a billing period minus the amount of liquidated damages received during that billing period.
- $USCF_{(Trans)}$ = NTDCL transmission charge in Rupees for a billing period.
- MOF = CPPA-G market operator charges in Rupees for a billing period.
- $PD(sys)$ = Peak Demand of the System recorded during a billing period in kW.

Note : To calculate the CTP ,UOSC and MOF in Rupees for each XWDISCOs or any other Market Participant for a billing period, the rate of CTP, UOSC and MOF will be further multiplied by the particular XWDISCO or any other Market Participant demand recorded at the time of system peak in kW.

$$ETP = \frac{GenE}{EUs}$$

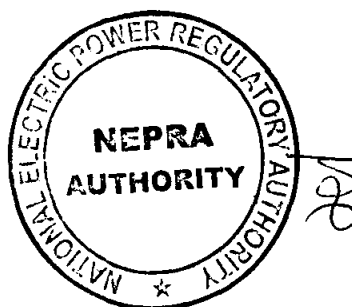
Where:

- GenE = Total Energy charge in Rupees during a billing period.
- EUs = Energy units (kWh) recorded at the Common Delivery Metering Points of all the DISCOs or any other Market Participant during a billing period.



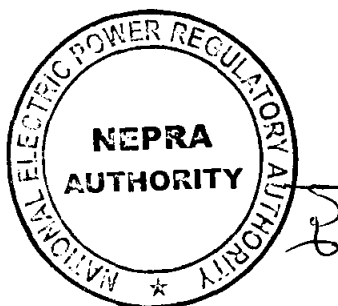
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- IV. CPPA-G shall, for the purpose of clarity intimate to all XWDISCOs or any other Market Participant the generation part of the Transfer Charge, during a billing period, by deducting from the Transfer Charge, the Transmission Charge or Use of System Charges of NTDCL and the Market Operator fee of CPPA-G.
- V. The following generation entities and extraneous sources of import of electricity stand approved who would be providing electric power to CPPA-G for onward delivery to the XWDISCOs or any other Market Participant;
- i. All Hydroelectric Generating Stations owned and operated by WAPDA.
 - ii. Chashma Nuclear Power Generating Station.
 - iii. All IPPs selling power to WAPDA under a long-term contract for which sovereign guarantees have been provided by the Federal Government.
 - iv. The thermal generation companies formed out of unbundling of WAPDA for a period up-to 01.07.2009 or till the Competitive Market Operation Date determined by the Authority (whichever is later).
 - v. Other generation entities (in the public sector, private sector or under public-private partnership, initiated, sponsored or developed by the Federal Government or any Provincial Government) approved by NEPRA to provide power to CPPA-G for onward delivery to the XWDISCOs or any other Market Participant for a specific period.
 - vi. Sources of electricity imported from another country or the territory of Azad Jammu and Kashmir under an approval of the Federal Government for provision of power to meet the demand of any or all of the XWDISCOs or any other Market Participant as approved by NEPRA.
 - vii. Electricity purchased by CPPA-G from any generation company within Pakistan through Power Purchase Agreement pursuant to NEPRA Interim Power Procurement Regulations, 2005.
19. **Summary of Directions**
20. The directions of the Authority given in the instant determination are mentioned hereunder for strict compliance by the Petitioner.
21. The Petitioner is directed to;
- i. Submit its Power Purchase Price (PPP) forecast report updated every year after accounting for upcoming addition in Generation, changes in demand pattern, and other variables like exchange rate parity, changes in local/ US CPIs, LIBOR/ KIBOR etc., for consideration of the Authority.



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- ii. Continue sharing its HR development progress at the end of each quarter and also include therein department wise detail of employees, functions being performed by each department and plans for future recruitment, if any, along-with their proposed JDs etc. in its HR Report.
- iii. Provide composition of its Board of Directors, with brief profile of each member, basis of their appointment and their roles and responsibilities.
- iv. Ensure provision of monthly information to the Authority in terms of energy generated, energy, capacity & other charges, and payments etc. as per the prescribed formats, already shared with the Petitioner, including Fuel stocks held at each Power Plant on monthly basis. CPPA-G is also directed to submit complete details for deviation from EMO, showing hourly generation along-with financial impact for deviation from EMO, and the reasons thereof, in coordination with NPCC, and within the given timelines, as also directed by the Authority in the monthly FCA decisions, while submitting the monthly FCA data.
- v. Provide party wise breakup of amounts payable & receivables as per the following format on monthly basis, in addition to the monthly circular debt reporting as per the agreed formats.
- vi. Regarding Market Transactions Audit as required under clause 11.2 of the Commercial Code, the Authority again directs CPPA-G to carry out the Market Transactional Audit according to the Authority's approved ToRs and submit the report to the Authority. Similarly compliance status on "Terms and Conditions" of its Registration be also submitted.
- vii. Provide the detail of all legal cases against various entities including international arbitrations and their status and also those cases filed against NEPRA on the below format:
- viii. To make these legal costs as part of its market operation fees and the same shall be got approved from the Authority
- ix. Provide monthly report regarding LDs imposed on Generation Companies along-with reasons specifically pursuant to Section 9.4(b)(iii) and (c) of the 2002 Power Policy PPAs.
- x. Ensure submission of its Audited financial reports of every year in time.
- xi. Apprise the Authority regarding its plans for future recruitment, along-with their proposed JDs etc., before making any such hiring.



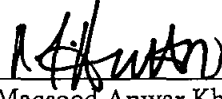
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22. The order part along-with summary of directions of the Authority of the instant determination are intimated to the Federal Government for notification in the official gazette under Section 31(7) of the NEPRA Act.

AUTHORITY



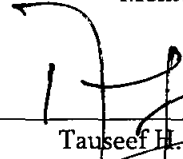
Rehmatullah Baloch
Member



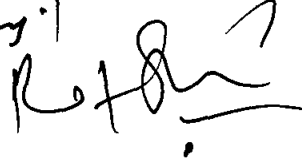
Engr. Maqsood Anwar Khan
Member



Rafique Ahmed Shaikh
Vice Chairman



Tauseef H. Farooqi
Chairman

I don't agree with the ^{high} amount allocated
for -1 term. Audit of CPPA shall also be carried out
immediately.




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