

TARIFF PETITION

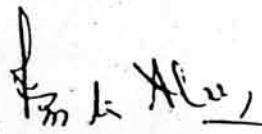
ON BEHALF OF

CENTRAL POWER GENERATION COMPANY LIMITED

GENCO-II/GoP owned entity

FOR A POWER PROJECT OF 747 MW (Gross) COMBINED CYCLE

At Guddu in district Kashmore (Sindh)


Chief Executive Officer
Central Power Generation Co. Ltd,
Guddu

CONSULTANTS:

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[Signature]
 Chief Executive Officer
 Central Power Generation Co. Ltd.
 Guddu

GLOSSARY

BTU	British Thermal Unit
CC	Capacity Charge
COD	Commercial Operation Date
Company	Central Power Generation Company Limited (GENCO-II)
CPGCL	Central Power Generation Company Limited (GENCO-II)
CPPA	Central Power Purchase Agency
CPI	Consumer Price Index
CPP	Capacity Purchase Price
EC	Energy Charge
EPC	Engineering, Procurement and Construction
EPP	Energy Purchase Price
E&M	Electrical & Mechanical
FCC	Fuel Cost Component
FX	Foreign Currency Component
GoP	Government of Pakistan
GWh	Giga Watt hour (1,000,000 kilowatt hour)
HSD	High Speed Diesel (Light Fuel Oil)
HSD per ton	1129 Litres
IDC	Interest During Construction
IFC	International Finance Corporation
IPP	Independent Power Producer
IRR	Internal Rate of Return
KIBOR	Karachi Interbank Offered Rate
Kw	Kilowatt
kWh	Kilowatt hour
KSE	Karachi Stock Exchange
LCC	Local Currency Component
LIBOR	London Interbank Offered Rate
MW	Mega Watt (1,000 kilowatts)
MWh	Mega Watt Hour
NEPRA/Authority	National Electric Power Regulatory Authority
NTDC	National Transmission and Dispatch Company Limited / Power Purchaser
OGRA	Oil & Gas Regulatory Authority
O&M	Operation & Maintenance
Petitioner	Central Power Generation Company Limited
Power Policy 2002	GoP's Policy for Power Generation, 2002 as amended from time to time
Project	747 MW (Gross) Combined Cycle Power Project
PKR/Rupees-/Rs	Pak Rupees, Legal Currency of Pakistan
PPA	Power Purchase Agreement
RFO	Residual Fuel Oil
ROE	Return on Equity
ROEDC	Return on Equity During Construction
Ton	Metric Tonne i.e. 1000 Kg
USD/\$	United States Dollars; legal tender of USA
WAPDA	Water & Power Development Authority

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 For M. K. Ali
 General Manager
 Central Power Generation Company Limited

A INTRODUCTION

Rule 3 Tariff Petition (the "Tariff Petition") under Rule 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997 (XL of 1997) (the "Act") read with Rule 3 of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 (the "Tariff Rules") for determination of Generation Tariff.

Rule 3(2)(a) **Petitioner's Name and Address**

Muhammad Khalid Alvi
Chief Executive Officer
Central Power Generation Company Limited (GENCO-II)
Tel No. +92 -722-579088
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Email: genco2_guddu@yahoo.com

Authorized Representatives:

- i. Mr. Muhammad Imran Mian, Finance Director / CFO, CPGCL
- ii. Engr. Nadeem Ahmed, Chief Engineer / Technical Director CPGCL
- iii. Dr. Niaz Memon, Additional Manager / Coordinator, CPGCL
- iv. Mr. Ashar Saeed, Shajar Capital (Pvt) Ltd
- v. Mr. Muhammad Azam Khan Shad, Bridgelink Consultants (Pvt) Limited

Rule 3(2)(b) **Generation License**

Generation License NO. GL/02/2002
Dated: July 1, 2002
Modification-I Dated: April 26, 2013

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

Grounds forming the basis for the petition are elaborated in this Tariff Petition.

Rule 3(2)(d) **Relief Sought**

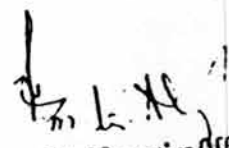
Relief sought is mentioned in Para B-5 of Tariff Petition.

Rule 3(2)(e) **Summary of Evidence**

A brief detail of technical and financial data, which forms the basis of revision in tariff, is given in the subsequent Paras.

Attachments

- i. Affidavit in accordance with Rule 3(8) of Tariff Petition
- ii. Board of Directors Resolution
- iii. Bank draft of the requisite fee
- iv. Annexures attached hereto are numbered separately


Chief Executive Officer
Central Power Generation Co. Ltd.
Guddu

F/H

B MAIN BODY OF THE TARIFF PETITION

1. BRIEF HISTORY OF THE COMPANY

Central Power Generation Company Limited (CPGCL) was incorporated on October 26, 1998 to take over all properties, rights, assets, obligations and liabilities of thermal power station at Guddu in district Kashmore (Sindh) previously owned and operated by WAPDA. The Company also inherited Sukkur and Quetta Power Stations.

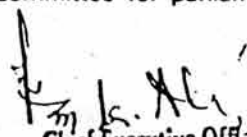
CPGCL commenced its commercial operations on March 1, 1999. The Company holds Generation License number GL/02/2002 granted by NEPRA on July 1, 2002 for a term of 15 years i.e. until June 30, 2017 and modified for addition of the new 747 MW (Gross) Combined Cycle Power Plant (CCPP) on April 26, 2013. The total nameplate capacity of the Company's power stations is 2,402 MW, while the net dependable capacity as approved by NEPRA in its tariff determination dated December 31, 2003 was 1400 MW. Whereas, the Company has now added an additional dependable capacity of 747MW (Gross) recently.

The Company has gas supply arrangement through M/S SNGPL, M/S PPL and M/S MPCL through dedicated pipelines and had secondary fuel (HSD and RFO) supply arrangements with OMCs, mainly PSO. OMCs supply to Company's storage facilities at plant sites through road tankers.

The Company is wholly owned by Government of Pakistan, who makes appointments to the Company's Board of Directors and exercises ownership control through its various agencies. However, the Company is likely to become fully autonomous consequent to completion of corporatization process and winding up of PEPCO. Under state ownership, the Company is likely to remain subject to public sector governance and accountability mechanisms (such as Public Procurement Regulatory Authority, Public Accounts Committee, Auditor General and Planning Commission). The management of CPGCL consists of CEO and Directors responsible for technical, financial and human resource functions.

Since the unbundling of WAPDA in 1998 and subsequent incorporation of GENCOs, DISCOs and NTDC, PEPCO, GENCO Holding Company Limited (GHCL), Islamabad has exercised control over all the unbundled power generation companies. In effect, the unbundling has meant separation of power wing of WAPDA and handing it over to PEPCO and presently to the GHCL. The thermal power, generation, transmission and distribution activities of WAPDA were given to PEPCO as corporate entities. However, minimal corporate autonomy was exercised by any of the corporate entities, while modern corporate management practices have not emerged pending full corporatization of these entities.

The public sector governance mechanism is applicable to the activities of the Company, as long as it remains in state ownership, such as compliance to PPRA regulations for procurement, to Planning Commission guidelines for project development and expenditure, to Accountant General Pakistan Revenues for accounting and reporting, and to Public Accounts Committee for parliamentary oversight.


Chief Executive Officer
Central Power Generation Co. Ltd.
Guddu

2. BRIEF OF THE PROJECT

The new power plant is a combined cycle power plant of 747MW (Gross) capacity comprising of two (2) gas turbines of 243MW each, two (2) heat recovery system generators (HRSGs) and one (1) steam turbine unit of 261MW at the available site of Thermal Power Station at Guddu. It is an efficient plant having high efficiency resulting into lesser generation cost/kWh in addition to significantly better plant availability factor as compared to the conventional thermal plants.

3. PROJECT COST

The Project Cost is divided into two (2) main components of EPC Cost and Non EPC Costs, which are as follows:

Project Cost Rupees (in million)	
EPC (Local & Foreign)	61,933
Non EPC	16,834
Total Cost	78,767

In the following lines, three aspects of the project have been covered starting from (i) the PC I that has been the basis of this project then (ii) current cost structure in terms of EPC and (iii) Non-EPC components. Each one discussed briefly in the following paras.

3.1 Project Cost as per PC-1

The approved PC-1 cost was Rs 59,775.41 million, which has escalated up to Rs 78,767.22 million at COD. The details are provided in **Annexure I**.

The details of escalation in the project cost are given below:

Comparison of Escalated Project Cost With Approved PC -1 Rupees (in million)		
	Project Cost As Per PC - 1	Project Cost
EPC Cost	47,071	61,933
Non EPC Cost	5,590	4,752
Financing Fee	1,023	5,345
Interest During Construction	6,091	6,737
Total Cost	59,775	78,767

The escalation in the project cost is attributed to the following reasons:

- Inflationary items;
- Depreciation of Pakistan rupee against US dollar;
- Increase in financing cost from Rs 1,022.84 million to Rs 5,344.72 million;
- Installation of Gas booster compressor station and construction of additional culvert for out fall drains (water);
- Due to delay in achieving of financial close, the contractor has become entitled to claim extension of time resulting in additional cost claim; and
- On account of cost escalation (Inflation) claim i.e. under the provisions of the contract viz Preamble to Conditions of Contract sub-clause 47.1, sub-clause 47.1 of

General Conditions of Contract, and sub-clause 47.1 of Particular Conditions of Contract the contractor will also claim cost escalation (Inflation) against civil works (Labour, Material and Transport for Civil Works). The cost of the same was not envisaged in PC 1. An amount of Rs 1,928 Million is so far due for payment to the contractor plus the estimated expenditure to be paid till finalization of all works and due payment.

3.2 EPC Cost

The Company upon the approval of Federal Government floated international tender for the EPC Contract on International Competitive Bidding (ICB) basis to execute the Project on Engineering, Procurement and Construction (EPC) basis. The EPC contract covers Design, Supply, Installation, Testing, and Commissioning of 747MW (Gross) Combined Cycle Power Plant (CCPP) at Guddu. Harbin Electric International Company Ltd has been short-listed, screened and finalized for the contract. Subsequently, the EPC Contract of the project was signed on 19th September 2009 between Central Power Generation Company Limited and Harbin Electric International Company Ltd (formerly Harbin Power Engineering Co. Ltd.) comprising USD 545.98 million. The financial close of the project was due in April 2011 but the same was achieved in October 2012.

The local and foreign EPC cost components are as follow:

EPC Cost Rupees (in million)*	
EPC (Local)	8,909
EPC (Foreign)	53,024
Total	61,933

*The detailed breakup of EPC cost is given in Annexure II.

The foreign component of EPC cost amounts to USD 545.98 million, out of which USD 474.48 million has been paid while balance of USD 71.51 million remains outstanding. The amount of USD 474.48 million has been used in contracted power plant equipment, whereas USD 66.56 million are payable to the Contractor on Taking Over Certificate (TOC) against equipment, erection & commissioning and services. The balance of USD 5 million highlights pending payments against equipment erection, commissioning and mandatory spare parts.

The breakup of foreign EPC cost has been provided below in USD:

Category A1, A2, B1 & C USD (in million)	
Gas Turbine with allied accessories	156.22
Gas Turbine Generators	32.38
Transformers	18.83
500 kV Sub Station	14.46
Mechanical Aux. & Allied equipment	70.46
Sub-Total A1	292.35
HRSB	87.49
Steam Turbine	41.92
Cooling Water System	11.93
HV Connectors	13.52
Instrumentation and Control	16.95
Generator and Auxiliaries	15.00
BOP	56.14
Sub-Total A2	242.95
Mandatory Spares (B1)	0.80
Services(C)	9.88
Sub-Total (B1+C)	10.68
Total (A1+A2+B1+C)	545.98

3.3 Non EPC Costs

The following items have been included in the Non EPC Cost of the Project.

Non EPC Cost Rupees (in million)	
Gas Booster Compressor Station	1,465
Consultancy	323
Startup Expenses	1,695
Training & Development	301
IDC-Local	4,720
IDC-Foreign	1,570
IDC - Foreign (Pending Invoices)	447
Financing Fee	4,957
Financing Fee - Pending Invoices	387
Administrative, Salaries & Wages	117
Other Miscellaneous	447
Construction of Additional Culvert	405
Total Non-EPC Costs	16,834

3.4 Other Project Costs

3.4.1 Interest during Construction

The Company incurred Rs 6,736.82 million as interest during construction, which were based on the payment schedules keeping in view the equity and debt injections together with the applicable interest rates. The component for local IDC is Rs 4,719.51 million and foreign IDC is Rs 2,017.31 million which includes pending invoices of Rs 446.84 million.

3.4.2 Pre-COD Insurance Cost

The insurance cost during construction period for complex up till the COD has been built in the EPC cost. This cost amounts to Rs 3,872.52 million. This insurance has been procured under obligation of financing agreement.

3.4.3 Financing fees

The financing fees comprises of up-front fee, arrangement fee and lenders' monitoring fee. The total fee of foreign loan is estimated to be Rs 5,344.72 million including Rs 387.26 million in pending invoices. There is no financing fee on the local loan.

Financing Fee Rupees (in million)	
Legal Fee (Pak Law Firm) LCC	2
Legal Fee (Foreign Law Firms) FCC	5
Guarantee Fee	361
CEXIM & HSBC Bank Management Fee	530
HSBC Bank Agency Fee	4
CEXIM & HSBC Bank Commitment Fee	570
Sinosure Insurance Premium (Foreign Loan)	3,873
Total Financing Fee For Foreign Loan	5,345

3.4.4 Start-up Expenses

It includes the costs associated with the initial filling of fuel, diesel, chemicals, consumables and lubricants for startup. The total start-up expenses sum up to Rs 1,694.626 million. The breakup of start-up expenses is as follows:

Start-up Expenses Rupees (in million)	
Fuel Gas	1,640
HSD	10
Miscellaneous (Chemical/Auxiliary consumption)	45
Total	1,695

3.4.5 Capital Structure

The capital structure of the project is as follows:

Capital Structure Rupees (in million)	
Debt (Local)	7,874
Debt (Foreign)	46,039
Total Debt	53,913
Equity	24,854
Total Project cost	78,767
Debt: Equity Ratio	68:32

3.5 Reimbursement

The lenders have made all the payments directly to the EPC contractor under the Sinasure backed facility agreement with the exception of one payment. Basically, the Company has made a payment of USD 559,390 equal to Pak Rupees amounting Rs 48.78 million (USD 110,500 was made at an exchange rate of Rs 87.45 amounting to Rs 9.66 million and USD 448,890 at an exchange rate of Rs 87.15 amounting to Rs 39.12 million) to EPC contractor before execution of the facility agreement.

As per the facility agreement, the lenders have agreed to reimburse the payments being made by the Company in respect of EPC Contract before the execution of facility agreement. The lenders have reimbursed this amount to the Company at an exchange rate of Rs 95.77 totaling to Rs 53.57 million. Therefore, the asset has been booked at Rs 53.57 million in the books of the project.

The difference in the amount paid and reimbursed resulted in an income of Rs 4.78 million for the company. This amount has been considered as the opportunity cost of financing the transaction.

The details of reimbursement are given in **Annexure III**.

4 TARIFF

4.1 **Tariff Structure**

The year wise tariff sheet to be applicable for a period of 30 years commencing from the Commercial Operation Date of December 17, 2014, is attached herewith for consideration by the Authority for its approval and determination. The detailed breakup of the tariff is included in **Annexure IV**. However, a Brief Summary is tabulated below.

Details of the Reference Tariff for Foreign Loan (Rs./kW/hour) are as follows:

Foreign Loan	Tariff (Rs./kW/hour)
Debt Repayment	0.4623
Interest Charges	0.0837
Agency Fee & Guarantee Fee	0.0143
Total Tariff	0.5604

Details of the Reference Tariff for Local Loan (Rs./kW/hour) are as follows:

Local Loan	Tariff (Rs./kW/hour)
Debt Repayment	0.0337
Interest Charges	0.1224
Total Tariff	0.1561

The Reference Tariff for various components is as follows:

Tariff Break Up	Tariff
Capacity Charge (Rs/kW/hour)	
• Return on Equity	0.6372
• Return on Equity During Construction	0.1342
• Fixed O&M	0.3332
• Insurance	0.1324
• Financing Cost on Working Capital	0.0487
• Debt Repayment (Local)	0.0337
• Interest (Local)	0.1224
• Debt Repayment (Foreign)	0.4623
• Interest (Foreign)	0.0837
• Agency Fee & Guarantee Fee (Foreign)	0.0143
Total Capacity Charge	2.0023
Energy Charge (Rs/kWh)	
• Fuel Cost Component	4.1064
• Variable O&M (Local)	0.1281
• Variable O&M (Foreign)	0.6652
Total Energy Charge	4.8997
Total Tariff	6.9020

The proposed Tariff is a two-part tariff comprising an Energy Charge (EC) payable on the basis of Rs/kWh for the energy delivered to the Bus Bar and Capacity Charge (CC) payable on the basis of Rs/kW/hour for the Available Capacity for each Month (or part-Month). The tariff tends to be high during earlier years primarily due to debt-payment period. The Tariff has been structured in such a way that it will not only recover the investment on the project but also ensures return on equity as per Power Policy 2002. The tariff consists of two parts corresponding to tariff as per by NEPRA's guidelines highlighted in Power Policy 2002, which is as below:-

- a) Energy Charge in Rs/kWh; and
- b) Capacity Charge in Rs/kW/hour

4.2 Tariff Control Period

Useful / economic life of 30 years has been envisioned for the plant for tariff calculations purposes. The Tariff is applicable for a period of 30 years commencing from Commercial Operation Date of the plant. The Tariff will only be adjusted against variation of exchange rates, interest rates, Pak CPI, US CPI, etc. The Company will approach NEPRA for onetime adjustment for the following costs at a subsequent date:

- a) Extension of time claims of contractor for contract cost finalization on actual basis;
- b) Cost Escalation against civil works;
- c) Construction of additional culvert for out fall drains (water);
- d) Heat rate test: The Company will conduct heat rate test within next six months in accordance with the established benchmarks subsequent to the submission of test report, one-time adjustment shall be allowed to the fuel cost component; and
- e) Sindh sales tax: Recently, Sindh Revenue Board has served a notice to CPGCL for payment of Sindh Sales Tax, which has not been paid. The Company believes that this amount is not applicable to CPGCL and it will contest this with the relevant authorities. In case of an adverse order, the company will request NEPRA for a possible adjustment resulting from this cost.

4.3 Energy Charge

The Energy Charge indicates the price of a unit of electrical energy i.e. kWh. It is payable for the electricity generated and delivered to the Power Purchaser. It consists of Variable O&M Component and Fuel Cost Component as explained below:

4.3.1 Variable O&M Component

Variable O&M Component caters for the cost of the services of operation and maintenance on a kWh basis for the periodic maintenance of the thermal power plant. In addition, it covers replacement of spare parts on completion of their service life. It also includes cost of periodic maintenance as per recommendation of manufacturers based on running hours. Along with it, consumption of lubricants, additives, water, chemicals and consumables, etc. are also included in this

component. The Variable O&M Component consists of local and foreign components, which comes out to Rs 0.1281/kWh and Rs 0.6652/kWh, respectively. The total variable O&M component adds up to Rs 0.7933/kWh. The Variable O&M component is calculated for a cycle of 48,000 operating hours.

4.3.1.1 Local Variable O&M

The local variable O&M consists of additive, other chemicals, water charges and services. The total cost is given in the following schedule:

Local Variable O&M Rupees (in Million)	
Additives and other chemicals	89.1
Total : Water Charges	4.5
Electricity Consumption for Gas Booster	586.2
Running Cost for Gas Booster	58.6
Total	738.4
Tariff (Rs /kWh)	0.1281

Further break up of these costs are given in **Annexure V**. The tariff for the local component of Variable O&M is Rs 0.1281 / kWh. This cost would further be adjusted as on each quarter every year according to indexation methodology. The details pertaining to indexation methodology is given in Section 4.5.

4.3.1.2 Foreign Variable O&M

The foreign variable O&M consists of periodic maintenance, consumables and services. The break-up of these costs are given in **Annexure VI**. The tariff for the foreign component of Variable O&M is Rs 0.6652 / kWh for a cycle of 48,000 operating hours. This component would be adjusted as on each quarter every year according to indexation methodology given in Section 4.5.

4.3.2 Fuel Cost Component

The fuel cost represents the fuel consumption over 30 years of project life. The plant is run on Gas and HSD. Due to cheaper generation through gas the plant is likely to run mostly on gas. The fuel cost component has been calculated on the basis of following assumptions:

Assumptions for Fuel Cost Component*			
Guarantee Data	Unit	Value	
		Fuel Gas	HSD Oil
Combined Cycle operation			
Gross power output at HV side of Transformer	MW	747.006	721.536
Total auxiliary consumption and losses	MW	26.215	27.29
Gross heat rate referred to LHV of Fuel	KJ/kWh	6,376	7,199
Net power output	MW	720.79	694.245
Net heat rate referred to LHV of Fuel	KJ/kWh	6,608	7,482

*For Open Cycle operation the rates would be 1.5 times that of combined cycle operations.

Partial loading: Heat rate will be adjusted in accordance with manufacturer's calculation method/curve, that is, GEK 116403; updated version.

For the purpose of calculation of fuel cost component, the following reference values have been used:

Gas Price	Rs 588.23/MMBTU
HSD Price	Rs 96.61/Litre
HSD Calorific Value	35,560.37 BTU/ Ltr
LHV factor (Gas)	1.11401
LHV factor (HSD)	1.05 LHV/HHV

Based on these assumptions, the following is the tariff for fuel cost element:

Fuel Cost Element	
	Rs / kWh
	Combined Cycle operation
Fuel Gas	4.1064
HSD Oil	20.2410

The details regarding Energy Charge (EC) and dependable capacity for fuel gas and HSD oil are given below:

Energy Charge (EC)	
	Rs / kWh
Combined Cycle Operation	
Fuel Gas	4.1064
Variable O & M	0.7933
EPP	4.8997
HSD Oil	20.2410
Variable O & M	0.7933
EPP	21.0343

The details regarding dependable capacity for fuel gas and HSD oil are given below:

Dependable Capacity (MW)	
Fuel Gas	720.79
HSD Oil	694.25

4.4 Capacity Charge (CC)

The Capacity Charge has been computed on the basis of the plant dependable capacity net of auxiliary consumption and is expressed in Rs /kWh/hour. This tariff component is meant to cater for the fixed costs, insurance cost, ROE and ROEDC and Debt services of the project. The Capacity Charge has been segregated into following sub-components:

4.4.1 Fixed Operation & Maintenance Cost

This component represents the fixed costs incidental on day to day plant operation and maintenance. It covers management fee, remuneration to the personnel, rent, utilities, and fee for maintaining consents, local taxes and cost of expatriate services to be engaged for O&M of the plant.

The fixed component comprises of the following components.

- Administrative Expenses
- Salaries and Wages
- Repair and Maintenance Expenses

The fixed O&M component of the escalable CPP represents fixed costs of all the staff for O&M, cost that are associated with day to day maintenance for ensuring availability, plant administration, security, transportation, overheads, office costs, professional fees such as audit, tax and legal. It also includes some other fixed operational costs such as environmental monitoring and obsolescence, which do not change with dispatch levels.

It further consists of major components that constitute of fixed operating and maintenance costs of the Capacity Purchase Price.

4.4.1.1 Admin Expenses

The administrative costs include rent and taxes, power, light, gas and water, communication, office supplies & other charges, travelling expenses, professional fees, management fees, vehicle expenses, miscellaneous expenses and NEPRA fees. The total Administration Cost is Rs 137.33 million and the tariff for this component has been calculated at Rs 0.0217/kW/hour with Net Dependable Capacity of 720.79 MW.

The details are enclosed in **Annexure VII**.

4.4.1.2 Salaries & Wages

The salaries, wages and other benefits includes for pay and allowances, overtime, conveyance allowance, medical and generation allowance etc to the employees of the Company. This also includes medical and hospitalization, education and training, EOBI, pension charges, free electricity, etc. The total Salary & Wages expenses are Rs 525.04 million, which translates into tariff of Rs 0.0832/kW/hour with Net Dependable Capacity of 720.79 MW.

The details are enclosed in **Annexure VIII**.

4.4.1.3 Repair & Maintenance

The Repair & Maintenance estimates include Building and Civil Works, Power Generation Plant Assets, Balance of Plant, 500kV Sub Station Switch Gear and Other Physical Property. The total repair and maintenance cost is Rs 1,441.39 million and break up of this cost is given in **Annexure IX**. This translates into tariff of Rs 0.2283 / kWh with Net Dependable Capacity of 720.79 MW.

Fixed Operation & Maintenance Cost Rupees (in million)	
Admin Expenses	137
Salaries & Wages	525
Repair & Maintenance	1,441
Total	2,103

4.4.2 Cost of Working Capital

The working capital loan facility of Rs 3,289.65 million has been assumed in order to finance the inventory level of HSD equivalent to 15 days generation at 100% load factor and energy payment at 60% receivable along with GST for 15 days. The cost of working capital facility has been assumed Rs 296.07 million as 9% (3 month KIBOR 7% + 2% margin). This translates into tariff of Rs 0.0487/kW/hour.

The details are given in **Annexure X**.

4.4.3 Insurance Cost

It covers the cost of insurance of the Complex and is estimated at 1.35% of value of the EPC cost. The insurance premium turns out to be Rs. 836.10 million, translating into tariff of Rs. 0.1324/kW/hour. The insurance premium is calculated in line with Authority's ruling in other projects and the initial discussions with insurance companies.

The details are enclosed in **Annexure XI**.

4.4.4 Equity Component

4.4.4.1 Return on Equity

The return on equity has been calculated using 16% IRR, which has been allowed by the Authority in the case of upfront tariff for RLNG based power plants.

Equity: Rs 24,854.48 million

IRR: 16%

Term: 30 Years

Payment: 4,023.58 million

On the basis of these assumptions, the tariff for equity is Rs 0.6372/kW/hour with Dependable Capacity of 720.79 MW.

4.4.4.2 Return on Equity during Construction

The ROEDC has been calculated based on 16% IRR on equity during construction as allowed by the Authority in the upfront tariff of RLNG based power plants. The amount is Rs 5,235.06 million which translates into annual payment of Rs 847.48 million and the tariff of Rs 0.1342/kW/hour based on Dependable Capacity of 720.79 MW.

4.4.5 Debt-Servicing Component

The current financing structure is as under:-

Debt Servicing Rupees (in million)	
Total Project Cost	78,767
Debt 68%	53,913
Equity 32%	24,854

4.4.5.1 Local Loan

The Company obtained following Cash Development Loan (CDL) that has been procured locally, the detail is given as follows:

Cash Development Loan Rupees in (million)			
	CDL 1	CDL 2	CDL 3
CDL	5,100	2,600	3,600
Interest Rate	13.61%	13.61%	12.64%
Grace period	5	5	5
Repayment period	20	20	20
Total Tenor	25	25	25

The Company has repaid/adjusted an amount of Rs 3,426 million from CDL I through Circular Debt vide Government of Pakistan, Finance Division letter No. F.1(5)-CF.I/2012-13/1101 dated July 21, 2013. Accordingly, the Company has paid this amount of principal from its own sources and increased the amount of its equity in the project by similar amount. This resulted in an outstanding loan of Rs 1,673.40 million under CDL I and aggregate loan of Rs 7,873 million as on the date of COD i.e. December 17, 2014.

The details of repayment of local loans are given as follows:

Local CDL Future Payment Schedule Rupees in (million)		
Period	Interest	Principal
18.12.2014 to 31.12.2014	39.01	-
01.01.2015 to 30.06.2015	518.33	-
2015-16	1,036.65	49.15
2016-17	1,029.96	102.22
2017-18	1,016.50	115.69
2018-19	1,001.26	130.92
2019-20	984.01	148.17
2020-21	964.49	167.69
2021-22	942.39	189.79
2022-23	917.37	214.81
2023-24	889.06	243.13
2024-25	857.00	275.18
2025-26	820.72	311.47
2026-27	779.64	352.54
2027-28	733.14	399.04
2028-29	680.50	451.69
2029-30	620.90	511.29
2030-31	553.43	578.76
2031-32	477.04	655.14
2032-33	390.56	741.63
2033-34	292.64	839.54
2034-35	181.78	950.40
2035-36	56.27	445.16
Total	15,782.63	7,873.40

4.4.5.2 Foreign Loan

The Central Power Generation Company Limited has also availed a foreign currency loan worth Rs 46,039.35 million (USD 464 million) for a tenor of 12 years effective from October 19, 2012.

As per the terms of the foreign currency loan agreement, the loan has a drawdown period of 3 years and repayment period of 9 years. The first drawdown was made on October 30, 2012 while the last one is expected to be made on July 1, 2015.

The drawdown of Rs 38,720.62 million (USD 392.58 million) has been drawn down by the Company as of December 17th, 2014 while the remaining amount of Rs 7,318.73 billion (USD 71.51 million) is expected to be drawn down entirely by July 31, 2015.

The total interest computed on each drawdown has been calculated as the sum of base interest rate and an interest margin provided. The same has been indicated below:

- a) Base interest rate was 2.4% as per the terms of the agreement
- b) Interest margin for each period was the LIBOR rate on a date preceding the actual date of drawdown
- c) Interest margin on any drawdown that is expected to occur subsequent to COD will be calculated on the basis of average of 1-month, 2-month and 6-month LIBOR rates, as necessary, for the past three years.

The details regarding draw down payments are given as follow:

Draw Down Payments	Date of Draw-down	Draw-Down (US\$)	Exchange Rate	Draw-Down (Rs)
FY 2012-13				
1 A	30.10.2012	182,967,865.50	95.70	17,510,024,728
1 B	30.10.2012	559,390.00	95.77	53,572,780
2	23.11.2012	38,210,827.00	97.25	3,716,002,926
3	30.01.2013	31,988,912.15	99.35	3,178,098,422
4	19.03.2013	30,000,185.15	99.55	2,986,518,432
5	03.06.2013	16,900,586.05	100.20	1,693,438,722
6	26.06.2013	11,906,309.35	100.95	1,201,941,929
Total		312,534,075.20		30,339,597,939
FY 2013-14				
7	21.08.2013	31,804,434.66	104.00	3,307,661,205
8	05.09.2013	10,935,977.02	105.45	1,153,198,777
9	05.12.2013	12,343,664.35	109.55	1,352,248,430
10	12.02.2014	4,310,551.40	106.15	457,565,031
11	12.06.2014	8,316,458.90	100.05	832,061,713
Total		67,711,086.33		7,102,735,155
FY 2014-15				
12	29.10.2014	12,332,709.00	103.65	1,278,285,288
Total		12,332,709.00		1,278,285,288
FY 2014-15 (Future Payments)				
13	01.04.2015	25,000,000.00	102.35	2,558,750,000
14	01.05.2015	20,000,000.00	102.35	2,047,000,000
15	01.06.2015	26,506,866.87	102.35	2,712,977,824
Total		71,506,866.87		7,318,727,824
Total Drawdown Payments		464,084,737.40		46,039,346,206

The repayment schedule is calculated using exchange rate USD / PKR 102.35.
The details are given as follow:

Repayment Schedule (In Rupees)		
Period	Interest Payment	Principal Payment
18.12.2014 to 31.12.2014	42,566,431	-
01.01.2015 to 30.06.2015	657,435,555	-
01.07.2015 to 31.12.2015	694,358,298	2,404,274,059
01.01.2016 to 30.06.2016	654,080,178	2,638,837,382
01.07.2016 to 31.12.2016	622,333,227	2,638,837,382
01.01.2017 to 30.06.2017	574,001,260	2,638,837,382
01.07.2017 to 31.12.2017	544,556,838	2,638,837,382
01.01.2018 to 30.06.2018	497,492,964	2,638,837,382
01.07.2018 to 31.12.2018	466,780,449	2,638,837,382
01.01.2019 to 30.06.2019	420,984,668	2,638,837,382
01.07.2019 to 31.12.2019	389,004,059	2,638,837,382
01.01.2020 to 30.06.2020	346,356,203	2,638,837,382
01.07.2020 to 31.12.2020	311,227,670	2,638,837,382
01.01.2021 to 30.06.2021	267,968,076	2,638,837,382
01.07.2021 to 31.12.2021	233,451,281	2,638,837,382
01.01.2022 to 30.06.2022	191,459,780	2,638,837,382
01.07.2022 to 31.12.2022	155,674,891	2,638,837,382
01.01.2023 to 30.06.2023	114,951,484	2,638,837,382
01.07.2023 to 31.12.2023	77,898,502	2,638,837,382
01.01.2024 to 30.06.2024	38,632,228	2,638,837,382
01.07.2024 to 20.07.2024	3,780,797	234,563,323
Total	7,304,994,837	47,499,072,873

4.4.5.3 Other Fees

As per the financing arrangement, the Company has to pay agency fee to the lenders and guarantee fee to GoP/ Guarantor for the entire tenor of loans. The detailed schedule of agency fee and guarantee fee are enclosed below.

The Agency Fee schedule is calculated using exchange rate USD / PKR 102.35.

The details are given as follow:

Agency Fee Schedule		
Year	Agency Fee (US\$)	Agency Fee (PKR)
2015	15,000	1,535,250
2016	15,000	1,535,250
2017	15,000	1,535,250
2018	15,000	1,535,250
2019	15,000	1,535,250
2020	15,000	1,535,250
2021	15,000	1,535,250
2022	15,000	1,535,250
2023	15,000	1,535,250
2024	15,000	1,535,250
Total	150,000	15,352,500

The Guarantee Fee schedule is calculated using exchange rate USD / PKR 102.35. The details are given as follow:

Guarantee Fee Schedule			
Start Date	End Date	Guarantee Fee (US\$)	Guarantee Fee (PKR)
18.12.2014	31.12.2014	75,288.91	7,705,820
01.01.2015	30.06.2015	1,002,487.60	102,604,606
01.07.2015	31.12.2015	1,169,747.83	119,723,691
01.01.2016	30.06.2016	1,092,955.40	111,863,986
01.07.2016	31.12.2016	1,040,057.54	106,449,889
01.01.2017	30.06.2017	959,097.28	98,163,607
01.07.2017	31.12.2017	910,125.01	93,151,295
01.01.2018	30.06.2018	831,244.41	85,077,865
01.07.2018	31.12.2018	780,153.03	79,848,662
01.01.2019	30.06.2019	703,391.54	71,992,124
01.07.2019	31.12.2019	650,181.05	66,546,030
01.01.2020	30.06.2020	578,718.43	59,231,832
01.07.2020	31.12.2020	520,169.61	53,239,360
01.01.2021	30.06.2021	447,685.79	45,820,641
01.07.2021	31.12.2021	390,237.08	39,940,766
01.01.2022	30.06.2022	319,832.92	32,734,899
01.07.2022	31.12.2022	260,265.10	26,638,133
01.01.2023	30.06.2023	191,980.04	19,649,158
01.07.2023	31.12.2023	130,293.12	13,335,501
01.01.2024	30.06.2024	64,481.47	6,599,678
01.07.2024	20.07.2024	694.29	71,061
Total		12,119,087.45	1,240,388,600

4.5 Indexation of Tariff Components

The above stated Tariff will be indexed against changes in the values as mentioned against each component. The Reference Date for US CPI and Pak CPI values will be 1st January 2015. The Reference USD rate is Rs 102.35 whereas Interest Rates is 0.3585% plus 2.4% Margin.

Tariff Components Indexation	
Description	Indexation
Fixed O&M Cost – Local	Pakistan (CPI)
ROE During Construction	US Exchange Rate
ROE	US Exchange Rate
Foreign Loan Interest and Principal Payment	US Exchange Rate and LIBOR Rate as per agreement
Fuel Cost Component	Gas Price, HSD Price & HSD Calorific Value
Fixed O&M (Local)	Pakistan (CPI)
Fixed O&M (Foreign)	(USCPI); Exchange rate (PKR/USD)
Variable O&M Cost (Local)	Pakistan (CPI)
Variable O&M Cost (Foreign)	(USCPI); Exchange rate (PKR/USD)

4.5.1 Indexation

The following indexation shall be applicable to the reference tariff:

4.5.1.1 Fixed O&M

The Fixed O&M cost is based on local and foreign expense. The indexation of Fixed O&M will be subject to following table:

Fixed O & M Indexation	
Item	Indexation allowed
Fixed O&M (Local)	Inflation Pakistan (CPI)
Fixed O&M (Foreign)	Inflation (USCPI); Exchange rate (PKR/USD)

Quarterly Adjustment for local inflation, foreign inflation and exchange rate variation will be made on July 1, October 1, January 1 and April 1 respectively.

The mode of indexation will be as under:

$$\text{Fixed O \& M}_{\text{REV}} = \text{Fixed O \& M}_{\text{FREF}} + \text{Fixed O \& M}_{\text{LREV}}$$

Where:

$$\text{Fixed O \& M}_{\text{FREF}} = \text{Fixed O \& M}_{\text{FREF}} \times \frac{\text{USCPI}_{\text{(REV)}}}{\text{USCPI}_{\text{(REF)}}} \times \frac{\text{ER}_{\text{(REV)}}}{\text{ER}_{\text{(REF)}}}$$

$$\text{Fixed O \& M}_{\text{FREF}} = \text{Reference Fixed O \& M Foreign Component in Rs/kW/hour}$$

USCPI _(REV)	=	The Revised US Consumer Price Index (All Urban Consumers) notified by the Bureau of Labor Statistics.
USCPI _(REF)	=	Reference US CPI (All Urban Consumers) notified by the Bureau of Labor Statistics for the relevant month.
ER _(REV)	=	Revised TT and OD selling rate (PKR/USD) as notified by the National Bank of Pakistan for the latest available month.
ER _(REF)	=	Reference exchange rate (PKR/USD) of Rs 102.35 / USD will be used.
Fixed O & M _{LREF}	=	Fixed O & M _{LREF} x CPI _(REV) / CPI _(REF)
Where:		
Fixed O & M _{LREF}	=	Reference Fixed O & M Local Component in Rs/kW/hour
CPI _(REV)	=	The Consumer Price Index / or alternative index as determined by the Authority.
CPI _(REF)	=	The Consumer Price Index / or alternative index as determined by the Authority.

4.5.1.2 Return on Equity

Return on equity (ROE) as well as Return on Equity during Construction (ROEDC) component of tariff shall be adjusted for variation in Rs/USD exchange rate according to the following formula:

$$\begin{aligned} \text{ROE}_{(REV)} &= \text{ROE}_{(REF)} \times \text{ER}_{(REV)} / \text{ER}_{(REF)} \\ \text{ROEDC}_{(REV)} &= \text{ROEDC}_{(REF)} \times \text{ER}_{(REV)} / \text{ER}_{(REF)} \end{aligned}$$

Where;

$$\begin{aligned} \text{ROE}_{(REV)} &= \text{Revised Return on Equity component of tariff expressed in Rs/kW/hour adjusted with exchange rate variation (PKR/USD).} \\ \text{ROEDC}_{(REV)} &= \text{Revised Return on equity during construction component of tariff in Rs/kW/hour adjusted with exchange rate variation (PKR/USD).} \end{aligned}$$

$ROE_{(REF)}$	=	Reference Return on Equity component of tariff expressed in Rs/kW/hour as adjusted at COD.
$ROEDC_{(ref)}$	=	Reference Return on equity during construction component of tariff expressed in Rs/kW/hour as adjusted at COD.
$ER_{(rev)}$	=	Revised TT and OD selling rate (PKR/USD) as notified by the National Bank of Pakistan for the latest available month.
$ER_{(REF)}$	=	Reference exchange rate (PKR/USD) of Rs 102.35 / USD will be used.

Indexation will be carried out on quarterly basis.

4.5.1.3 Adjustment for LIBOR Variation

Due to variation in 6-month LIBOR, the interest part will be adjusted according to the following formula:

$$\Delta I = P_{(REV)} \times (LIBOR_{(REV)} - LIBOR_{(REF)}) / 2$$

Where;

ΔI the variation in interest charges applicable corresponding to variation in six month LIBOR. ΔI can be positive or negative depending upon whether $LIBOR_{(REV)} >$ or $<$ $LIBOR_{(REF)}$. The interest payment obligation will be enhanced or reduced to the extent of ΔI for each half under adjustment applicable on semi-annual basis.

$P_{(REV)}$ the outstanding principal on a semi-annual basis at the relevant semi-annual calculations dates.

Indexation will be carried out on semi-annual basis.

4.5.1.4 Fuel Cost Component(s)

The fuel cost components will be adjusted with respect to degradation in heat rate with passage of time:

- To compensate for the effect of efficiency degradation between the schedule maintenance cycles;
- To compensate for efficiency decrease due to partial loading, due to changes in ambient temperature; and
- To compensate for non-recoverable degradation after COD.

The Fuel Cost Component of the Energy Purchase Price will be adjusted against the variation in the fuel prices as and when revised by the relevant authority as per the following formulae:

$$FCC_{(Rev)} = FCC_{(Ref)} \times FP_{(Rev)} / FP_{(Ref)}$$

Where:

$FCC_{(Rev)}$ The applicable Fuel Cost Component as revised in accordance with the revised fuel price.

$FCC_{(Ref)}$ The Fuel Cost Component as indicated in the reference tariff or that adjusted pursuant to the heat rate tests

$FP_{(Rev)}$ The fuel price as notified by the relevant authority per unit of fuel (residual fuel oil, and natural gas)

$FP_{(Ref)}$ = The reference fuel price per unit of fuel (residual fuel oil, and natural gas) as mentioned below:

Gas Price Rs 588.23/MMBTU

HSD Price Rs 96.61/Litre (Ex-GST)

4.5.1.5 Variable O&M

$$VO\&M_{REV} = VO\&M_{LREV} + VO\&M_{FREX}$$

Where:

$$VO\&M_{(LREV)} = VO\&M_{(LREF)} / kWh \times CPI_{(REV)} / CPI_{(REF)}$$

$$VO\&M_{(FREX)} = VO\&M_{(FREX)} / kWh \times USCPI_{(REV)} / USCPI_{(REF)} \times ER_{(REV)} / ER_{(REF)}$$

Where:

$VO\&M_{(LREV)}$ The revised applicable Variable O&M Local Component of the Variable Charges indexed with CPI.

$VO\&M_{(FREX)}$ The revised applicable Variable O&M foreign component of the Variable Charges indexed with US CPI and currency fluctuation.

$CPI_{(REV)}$ The Consumer Price Index/or alternative index as determined by the Authority.

$CPI_{(REF)}$ The Consumer Price Index/or alternative index as determined by the Authority.

$USCPI_{(REV)}$ The Revised US Consumer Price Index (All Urban Consumers) notified by the Bureau of Labor Statistics.

$USCPI_{(REF)}$ Reference US CPI (All Urban Consumers) notified by the Bureau of Labor Statistics for the relevant month.

5. RELIEF SOUGHT5.1 **Reference Tariff**

In light of the foregoing submissions, the learned Authority is kindly requested to approve the Company's generation tariff together with the pertinent indexation to remain effective for a period of 30 years from COD.

Details of the Reference Tariff for Foreign Loan (Rs./kW/hour) are as follows:

Foreign Loan (Levelized Tariff)	Rs./kW/hour	c/kW/hour
Debt Repayment	0.4623	0.4517
Interest Charges	0.0837	0.0818
Agency Fee & Guarantee Fee	0.0143	0.0140
Total Tariff	0.5604	0.5476

Details of the Reference Tariff for Local Loan (Rs./kW/hour) are as follows:

Local Loan (Levelized Tariff)	Rs./kW/hour	c/kW/hour
Debt Repayment	0.0337	0.0329
Interest Charges	0.1224	0.1196
Total Tariff	0.1561	0.1525

The Reference Tariff for various components is as follows:

Tariff Break Up (Levelized Tariff)	In Rupees	In US cents
Capacity Charge (/kW/hour)		
• Return on Equity	0.6372	0.6226
• Return on Equity During Construction	0.1342	0.1311
• Fixed O&M	0.3332	0.3255
• Insurance	0.1324	0.1294
• Financing Cost on Working Capital	0.0487	0.0476
• Debt Repayment (Local)	0.0337	0.0329
• Interest (Local)	0.1224	0.1196
• Debt Repayment (Foreign)	0.4623	0.4517
• Interest (Foreign)	0.0837	0.0818
• Agency Fee & Guarantee Fee (Foreign)	0.0143	0.0140
Total Capacity Charge	2.0023	1.9563
Energy Charge (/kWh)		
• Fuel Cost Component	4.1064	4.0122
• Variable O&M (Local)	0.1281	0.1251
• Variable O&M (Foreign)	0.6652	0.6500
Total Energy Charge	4.8997	4.7872
Total Tariff	6.9020	6.7435

5.2 **Tariff Adjustment/Indexations**

Along with above tariff following adjustments/indexations are prayed:

5.2.1 **Adjustment for indexation on cost variations in Fixed O&M:**

$$\text{Fixed O \& M}_{\text{REV}} = \text{Fixed O \& M}_{\text{FREV}} + \text{Fixed O \& M}_{\text{LREV}}$$

$$\text{Fixed O \& M}_{\text{LREF}} = \text{Fixed O \& M}_{\text{LREF}} \times \text{CPI}_{\text{(REV)}} / \text{CPI}_{\text{(REF)}}$$

$$\text{Fixed O \& M}_{\text{REV}} = \text{Fixed O \& M}_{\text{REF}} \times \text{USCPI}_{\text{REV}} / \text{USCPI}_{\text{REF}} \times \text{ER}_{\text{REV}} / \text{ER}_{\text{REF}}$$

5.2.2 Adjustment for indexation on cost variations in Return on Equity:

$$\begin{aligned} \text{ROE}_{\text{REV}} &= \text{ROE}_{\text{REF}} \times \text{ER}_{\text{REV}} / \text{ER}_{\text{REF}} \\ \text{ROEDC}_{\text{REF}} &= \text{ROEDC}_{\text{REF}} \times \text{ER}_{\text{REV}} / \text{ER}_{\text{REF}} \end{aligned}$$

5.2.3 Adjustment for indexation on cost variations in LIBOR Variation:

$$\Delta I = P_{\text{REV}} \times (\text{LIBOR}_{\text{REV}} - \text{LIBOR}_{\text{REF}}) / 4$$

5.2.4 Adjustment for indexation on cost variations in Fuel Cost Component(s):

$$\text{FCC}_{\text{REV}} = \text{FCC}_{\text{REF}} \times \text{FP}_{\text{REV}} / \text{FP}_{\text{REF}}$$

5.2.5 Adjustment for indexation on cost variations in Variable O&M:

$$\text{VO\&M}_{\text{LREV}} = \text{VO\&M}_{\text{LREF}} / \text{kWh} \times \text{CPI}_{\text{REV}} / \text{CPI}_{\text{REF}}$$

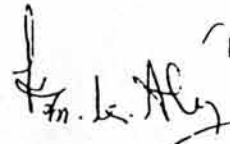
$$\text{VO\&M}_{\text{LREV}} = \text{VO\&M}_{\text{FREF}} / \text{kWh} \times \text{USCPI}_{\text{REV}} / \text{USCPI}_{\text{REF}} \times \text{ER}_{\text{REV}} / \text{ER}_{\text{REF}}$$

5.3 Assumptions

The Company's tariff proposal takes into the account the following assumptions. Any changes in these assumptions will result in an appropriate adjustment to proposed tariff.

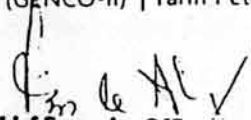
- No provision for working capital has been made on account of any delay in NTDC payments.
- Any tax on income of the Company including sale proceeds from NTDC, general sales tax as per Sales Tax Act and all other corporate taxes will be treated as pass-through items.
- No taxes or duties (including stamp duties) have been assumed on the execution of the financing documents, loan repayment, interest repayment, agency fee, commitment fee, upfront fee, advisor's fee or charges, transportation. Such taxes or duties, if any, including on advisor's fee will be treated as pass-through under the PPA.
- Payments into Workers Welfare Fund and Workers Profit Participation Fund have not been taken into account. In case of these payments by the Company, they will be treated as pass-through pursuant to the relevant provisions of the Power Purchase Agreement.
- Any benefit/ concession/ incentives given to any other IPP projects will also be applicable to CPGCL.
- The tariff table shall be further updated subsequently in order to accommodate changes related to one-time adjustment for extension of time claims of

contractor for contract cost finalization on actual basis, cost escalation against civil works, construction of additional culvert for out fall drains (water), Sindh Sales Tax and heat rate test.



Muhammad Khalid Alvi
Chief Executive Officer
Chief Executive Officer
Central Power Generation Co. Ltd.
Gudda

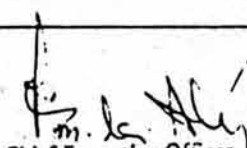
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Chief Executive Officer
Central Power Generation Co. Ltd.
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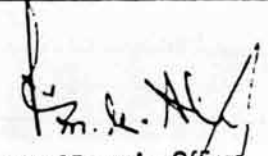
Annexure I

Project Cost as per PC-I (Rupees)	
Land for Power Station and Colony	0
Site Preparation and Engineering	30,000,000
Handling of fuel ash and cooling water supply	50,000,000
Plant and Equipment	
Foreign Currency- Equipment cost including erection for Gas Turbines,	
Steam Turbine, HRSG & all auxiliaries /BOP	44,429,900,000
Local Currency- Equipment cost including erection for Gas Turbines,	
Steam Turbine, HRSG & all auxiliaries /BOP	419,880,000
Provision for import duties @ 5 % of FCC	2,221,500,000
Total - Plant and Equipment	47,071,280,000
Mandatory Spare Parts for Gas Turbine	69,900,000
Main Civil Work	
For Gas Turbine Generator	
Survey works, subsoil investigation, site clearance/demolishing, landscaping etc	12,935,693
Site Installation	1,501,354,571
Civil Work for Machine Hall Building including foundation for G TGs , T/F foundation etc	316,567,436
Civil Work of central control Building	352,859,646
Civil work of fuel forwarding system building	34,860,898
Civil work of fuel storage handling system (structure and foundations)	13,153,882
Civil work of intake air filter house	34,465,838
Civil work of exhaust stack (included)	-
Civil work for Black start emergency diesel engine building (included)	-
Services Buildings (workshop, store, hydrogen generation plant, fire fighting, admin, security, etc)	370,480,000
Civil work of switchyard control building structure and foundation	160,670,000
Civil work of road, paved areas, crash barriers etc	156,720,000
One complete drainage and storm water drainage system	84,350,000
One lot of HVAC system	57,370,000


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Relocation of existing underground unit No 4 CCW return pipe /outfall channel (Included)	0
All other facilities and services required to complete power plant in all respects (included)	0
Sub Total (A)	3,095,787,964

For HRSGS and Steam Turbine Generators	
Site Installation	81,720,384
Civil work of machine hall building including transformer foundation for steam turbine etc	222,110,370
Civil work of chemical dosing/chlorination building	62,916,816
Civil work of water treatment building	7,832,879
Civil work of intake from canal and outfall to river	189,910,525
Civil work of CW make up water supply pipe line and effluent disposal system	16,389,000
Civil work for HRSGs	69,360,000
Building Services	28,990,000
Roads, paved areas, crash Barrier etc	22,629,000
All other facilities and services required to complete the combined cycle power plant in all respect (included)	-
Sub Total (B)	701,858,974
Total (A+B)	3,797,646,938
Interconnect Transmission Line	123,000,000
Residential Building	101,700,000
Vehicle	11,200,000
Engineering and Consultancy	255,710,000
Administration	383,560,000
Contingencies	767,130,000
Financial Charges	1,022,840,000
Import duty	-
Interest During construction	6,091,440,000
Total Project Cost	59,775,406,938

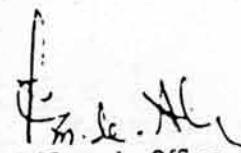

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Annexure II

EPC Cost (Local & Foreign)					
Description	EPC Cost	Actual Expenditure upto 17-Dec-2014	Future Payment		Total Cost
			Pending Invoices	TOC	
HEI (Local) 10% Advance Payment + 5% Interim Payment	680,436,234	680,436,234	-	-	680,436,234
HEI Civil Work (Local)	3,292,608,701	2,636,345,046	75,215,061	581,048,594	3,292,608,701
HEI Erection Work (LCC)	212,005,595	168,503,312	6,089,531	37,412,752	212,005,595
HEI Witnessing & Inspection (Foreign)	765,000	765,000	-	-	765,000
Supervisory Services During DLP	6,885,000	-	-	6,885,000	6,885,000
1st Inspection	27,540,000	-	-	27,540,000	27,540,000
HEI Foreign Training (Paid in PKR)	6,885,000	5,670,000	-	1,215,000	6,885,000
HEI Supply of Local Goods	2,356,058	1,940,284	-	415,774	2,356,058
HEI Local Transportation Charges	306,759,971	304,159,076	2,600,895	-	306,759,971
HEI Custom Duties & Tax	2,445,659,621	2,420,359,724	25,299,897	-	2,445,659,621
Escalation Cost	1,927,606,542	-	1,927,606,542	-	1,927,606,542
Total (Local EPC)	8,909,507,722	3,797,818,952	2,036,811,925	654,517,121	8,909,507,722
Foreign	USD				Rupees
HEI (Foreign) 10% Advance Payment + 5% Interim Payment	81,897,307	6,984,611,793	-	-	6,984,611,793
HEI (Foreign Payment) for Power Plant	464,084,737	38,720,618,382	506,293,222	6,812,434,602	46,039,346,206
Total (Foreign)	545,982,044	45,705,230,175	506,293,222	6,812,434,602	53,023,957,999
Total EPC (Local+ Foreign)	9,455,489,766	49,503,049,127	2,543,105,147	7,466,951,723	61,933,465,721



 Chief Executive Officer
 Central Power Generation Co. Ltd.
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Reimbursement/Adjustment (In relation to import plant, equipment, materials or mandatory spare parts & special tools (65%))									
Sr. No.	Invoice #	Date	Amount of Invoice (USD)	TT/ Cheque/ DD No.	Bank	Date	Amount (USD)	Exchange Rate	Amount (Rs)
1	HPE-05-PKGD-0402CIF-01	20.05.2011	110,500	MT-103	UBL	29.09.2011	110,500	87.45	9,663,225.00
2	HPE-05-PKGD-0402CIF-02	05.07.2011	32,500	MT-103	UBL	13.10.2011	32,500	87.15	2,832,375.00
3	HPE-05-PKGD-0402CIF-03	10.07.2011	94,900	MT-103	UBL	13.10.2011	94,900	87.15	8,270,535.00
4	HPE-05-PKGD-0402CIF-04	15.07.2011	317,200	MT-103	UBL	13.10.2011	317,200	87.15	27,643,980.00
5	HPE-05-PKGD-0402CIF-05	10.08.2011	4,290	MT-103	UBL	13.10.2011	4,290	87.15	373,873.50
			559,390						48,783,988.50


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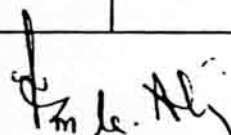
Annexure IV:

Agreement Year	Energy Purchase Price Rupees/KWH				Capacity Purchase Price Rupees/KW/Year										Total Tariff Rs./KW	
	Fixed Component	Variable O&M	Total EP*	Return on Equity	Fixed EP	Fixed O&M	Insurance	Financing Cost on Working Capital	Debt Repayment (Fixed)	Interest (Fixed & Floating)	Debt Repayment (Floating)	Interest (Floating & Floating)	Spares, Rep. & Insurance for Foreign Equip.	Total CPP	CPP w/ 100%	Rs./KW
1	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	0.088	-	0.111	0.0177	1.503	1.503	6.402
2	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.008	0.164	0.7987	0.214	0.0169	1.507	1.507	7.407
3	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.016	0.163	0.8559	0.189	0.0126	1.511	1.511	7.421
4	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.018	0.161	0.9559	0.163	0.0085	1.494	1.494	7.392
5	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.021	0.159	0.9119	0.141	0.0047	1.466	1.466	7.366
6	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.023	0.156	0.8559	0.116	0.0002	1.419	1.419	7.313
7	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.027	0.153	0.8119	0.092	0.0159	1.409	1.409	7.308
8	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.030	0.149	0.8119	0.067	0.0118	1.380	1.380	7.280
9	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.034	0.145	0.8119	0.043	0.0076	1.351	1.351	7.251
10	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.039	0.141	0.8119	0.019	0.0034	1.323	1.323	7.222
11	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.044	0.136	0.8171	0.001	-	1.303	1.303	6.403
12	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.049	0.130	-	-	-	1.465	1.465	6.365
13	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.056	0.123	-	-	-	1.463	1.463	6.365
14	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.063	0.116	-	-	-	1.465	1.465	6.365
15	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.072	0.108	-	-	-	1.465	1.465	6.365
16	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.081	0.098	-	-	-	1.465	1.465	6.365
17	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.092	0.088	-	-	-	1.465	1.465	6.365
18	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.104	0.076	-	-	-	1.465	1.465	6.365
19	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.117	0.062	-	-	-	1.465	1.465	6.365
20	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.131	0.046	-	-	-	1.465	1.465	6.365
21	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.151	0.029	-	-	-	1.465	1.465	6.365
22	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	0.071	0.009	-	-	-	1.365	1.365	6.265
23	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
24	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
25	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
26	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
27	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
28	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
29	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
30	4.106	0.793	4.900	0.637	0.134	0.333	0.132	0.049	-	-	-	-	-	1.286	1.286	6.185
Limited Tariff - Rs./KWh	4.1064	0.7923	4.8987	0.6373	0.1342	0.3328	0.1324	0.0487	0.0327	0.1224	0.4622	0.0027	0.0143	1.0013	1.0013	6.9020
Limited Tariff - Rs./KWh	4.8122	0.7751	4.7872	0.6326	0.1311	0.3355	0.1294	0.0476	0.0329	0.1196	0.4517	0.0018	0.0140	1.9563	1.9563	6.7435


 Chief Executive Officer
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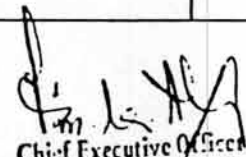
Annexure V

Variable O & M (Local Component)		
Description	Item Wise Detail	Budgeted Exp.
Total : Additives and other chemicals	747MW Combined Cycle Power Plant	
		<i>Rupees</i>
	Sulphuric Acid (Commercial) 98%	4,200,000
	Caustic Soda (liquid) 50%	24,300,000
	Hydrochloric Acid (Commercial) 32%	7,600,000
	Hydrazine Hydrate 80%	1,275,000
	Ammonia Gas 99%	360,000
	Tri Sodium phosphate 17% as p2O5	274,000
	Nitrogen Gas	9,000
	Lime (Calcium oxide) 80%	25,000
	Polyacrylamide	595,000
	Sodium Nitrite 96%	135,000
	Hypochlorite Liquid (Available Cl2 19-20%)	50,000
	Potassium Hydro oxide 85%	270,000
	Poly Aluminum Chloride	12,000,000
	Sodium Tetraaborate 98%	35,000
	Polyphosphate	12,000,000
	Laboratory Chemicals & Glass Ware	3,000,000
	Total	57,328,000
Water Charges		4,500,000
Lubricants		31,770,000
Total		61,828,000
Electricity Consumption for Gas Booster		586,244,841
		58,624,484
Grand Total		738,467,326
Tariff (Rs/kWh)		0.1281


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Annexure VI

Variable O & M (Foreign Component)				
Sr#	Description	Qty	List Price	Total
1	Combustion Inspection (CI) Capitals	6	13,661,965.00	81,971,790.00
2	CI Consumables	12	210,862.00	2,530,344.00
3	Turbine Operational	2	878,399.00	1,756,798.00
4	Turbine Controls	2	386,638.48	773,276.96
5	Generator Consumables	2	47,802.33	95,604.66
6	Load Commutated Inverter	2	223,108.00	446,216.00
7	Generator Maintenance	2	626,921.13	1,253,842.26
8	Excitation Protection	2	296,192.11	592,384.22
9	Hot Gas Path Inspection (HGPI) Capitals	6	580,298.49	3,481,790.94
10	HGP Consumables	6	623,586.18	3,741,517.08
11	Major Inspection (MI) (Consumables)	2	528,855.00	1,057,710.00
12	Major Inspection (MI) (Turbine) Capitals	2	35,130,892.93	70,261,785.86
13	Material Shipped Directly	2	5,323,400.00	10,646,799.22
15	Sub Total		58,518,920.65	178,609,859.20
16	06 Years Services 02 GTs	-	6,463,081.40	6,463,081.40
17	Air inlet filters for six 6-years for 2 GT	6	184,640.00	1,107,840.00
18	Repair of CI Capitals	6	599,386.00	3,596,316.00
19	6 Years VOM cost for two Gas Turbines in USD			189,777,096.60
20	Annual VOM Cost of 02 GTs			31,629,516.10
	Total Cost (USD) of Two GTs as per EPC Contract (Page SOP-10)			292,345,723.00
	Percentage of O & M cost of EPC cost for one GT (06 Years)			10.82%
	Total Cost (USD) of Two HRSGs, STG and BOP as per EPC Contract (Page SOP-10)			242,947,257.00
21	4% of the cost (USD) of Two HRSGs, STG and BOP for 1-Years VOM			2,429,472.57
22	Cost of ST Services (MI) at Par 1 MI of GT			3,419,732.60
23	Annual VOM Cost of 01 Steam Turbine, Two HRSGs and Allied Equip			5,849,205.17
24	Total Cost USD			37,478,721.27
25	Exchange rate Dollar to PKR			102.35
26	Total Cost PKR			3,835,947,121.98
27	Tariff Rs./kWh			0.6652


 Chief Executive Officer
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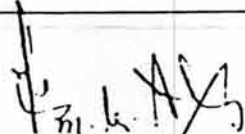
Annexure VII

Administration Cost	
Description	Estimated Cost
	<i>Rupees</i>
Rent, Rates & Taxes	1,500,000
Power, Light, Gas & Water	84,267,046
Communication	1,250,000
Office Supplies & other Charges	1,800,000
Store handling Expenses	500,000
Advertising & Publicity	2,000,000
Subscription & Periodicals	200,000
Presentation Entertainment	500,000
Travelling Expenses	8,655,358
Injuries & Damages	500,000
Director's Fees	100,000
Professional Fee	3,500,000
Management Fees	2,400,000
Vehicle Expenses	4,076,010
Miscellaneous Expenses	13,913,990
NEPRA Fees	12,163,146
Other Charges	0
Total	137,325,551
Tariff (Rs/kW/hour)	0.0217

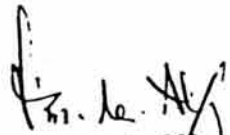

 Chief Executive Officer
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Annexure VIII

Salaries & Wages	
Description	Budgeted Exp.
	<i>Rupees</i>
Basic Pay	70,293,410
Ad hoc Relief Allowance	73,808,082
Cash Medical Allowance	3,576,000
Conveyance Allowance	11,921,040
Deputation Pay	250,000
Duel Charge Allowance	500,000
Entertainment Allowance	350,000
Group Life Insurance	115,176
House Rent Allowance	6,275,916
Job Allowance	-
Livery Allowance	122,400
Local Compensatory Allowance (Guddu Allowance)	4,368,132
Officiating/Personal Special Pay	50,000
Other / Special Allowance	-
Overtime and off Day Wages	2,641,844
Personal Allowance	40,000
Qualification Pay/Technical Pay	700,000
Senior Post Allowance	100,000
Shift Allowance	3,103,200
Special Allowance	4,680,000
Staff Allowance	100,000
Washing Allowance	235,800
Generation Allowance	19,555,800
Total : Pay and Allowances	202,786,800
Total : Daily Wage Labour	1,000,000
Power, Light and Water	39,126,003
House Rent / Acquisition	298,841
Bereavement other Denotations	3,000,000
Sports and Recreation	51,902
Awards and Gratuities	65,181
Medical and Hospitalization Expenses	28,735,232
Education and Training Expenses	192,227
Education Cess	500,000
Residential Telephone	100,000
Funeral Expenses	100,000
Liveries	1,000,000
Total : Employee Benefits	73,169,386

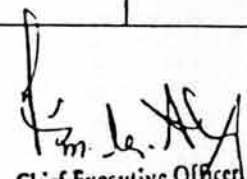

Chief Executive Officer
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Pension Fund	163,222,827
Post Retirement Free Electricity Benefits Fund	40,874,805
Post Retirement Medical Benefits Fund	10,065,323
Post Retirement Compensated Absence Fund	33,924,896
Total: Employers' Share in Fund Contributions	248,087,851
Total : Salaries, Wages & Other Benefits of 337 Sanctioned Strength	525,044,036
Tariff (Rs/kW/hour)	0.0832


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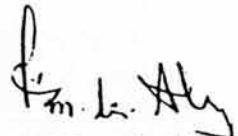
Annexure IX

Repair And Maintenance	
Description	Budgeted Exp.
	<i>Rupees</i>
Offices	10,000,000
Store Houses	3,000,000
Other Building (Operating)	40,000,000
Total : Rep and Maint - Buildings and Civil Works on Freehold Land	53,000,000
Boiler Plant Equipment (Budget Submitted)	10,080,350
Engines and Engine Driven Generators	3,003,700
Turbo generator Units	1,255,592,045
Accessory Electric Equipment	33,817,300
Misc. Power Plant Equipment	60,628,409
Total : Rep and Maint- Power Generation Plant Assets (Steam Power)	1,363,121,804
Computer and Office Equipment	200,000
Furniture and Fixtures	300,000
Transportation Equipment	500,000
Stores Equipment	500,000
Workshop Equipment	300,000
Laboratory Equipment	200,000
Construction Equipment	500,000
Communication Equipment	100,000
Fire Safety Equipment	200,000
Medical and Hospital Equipment	100,000
Arms and Ammunition	500,000
Miscellaneous Equipment	500,000
Total : Rep and Maint -General Plant Assets	3,900,000
Schools / Colleges	725,988
Hospitals and Dispensaries	674,977
Residential Buildings	18,171,737
Rest Houses	211,627
Recreation/Community Centres/Cinemas	220,595
Mosques	364,326
Misc. Buildings	1,000,000
Total : Rep and Maint -Other Physical Property	21,369,250
Total Repair & Maintenance	1,441,391,054
Tariff (Rs/kW/hour)	0.2283


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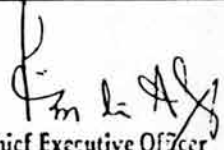
Annexure X

Cost of Working Capital	
Working Capital Requirement	3,289,649,392
Rate (3 Month Kibor +2% Margin)	9%
Cost of Capital	296,068,445
Tariff (Rs/kWh)	0.0487


Chief Executive Officer
Central Power Generation Co. Ltd.
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Annexure XI

Insurance Cost	
EPC Cost (Rupees)	61,933,465,721
Insurance Rate	1.35%
Insurance Premium (Rupees)	836,101,787
Tariff (Rs/kWh)	0.1324


Chief Executive Officer
Central Power Generation Co. Ltd.
Guddu



GHCL

Central Power Generation Co. Ltd.

(GENCO-II), GENCO-II, T.P.S, GUDDU

☎ 0722-578425

☎ 0722-578014

✉ genco2_guddu@yahoo.com

No. CPGCL/CS/15/01

Date: 04/06/2015

Chief Executive Officer
CPGCL (GENCO-II)
Guddu

Subject: EXTRACTS FROM DRAFT MINUTES OF 61st BOD MEETING
AGENDA ITEM NO. 25: TO CONSIDER & APPROVE THE TARIFF
PETITION OF 747MW CCPP, GUDDU

The Board Of Directors CPGCL (GENCO-II) considered the subject matter in its 61st Meeting held on April 29, 2015. After consideration & discussion, the Board resolved as under:

"RESOLVED UNANIMOUSLY that Tariff Petition for 747MW CCPP, Guddu be & is hereby approved.

FURTHER RESOLVED UNANIMOUSLY that CEO is hereby authorized to file the Tariff Petition with NEPRA and provide all the required details in connection with it."

This is for your information and further necessary action please.

MUHAMMAD IMRAN
Company Secretary

04/06/2015

UBL UNITED BANK LTD

ISSUING BRANCH

1000 Haveli Road, Branch
Dist. Rawalpindi - 46000

CHEQUE No 9523548

CASHIER'S CHEQUE

Rs 1375760/-

Date 13-05-15

F/C

Pay against this Cheque

Amount PKR 1375760/-

the order of M/s National Electric Power Regulatory Authority

in Rupees One Million Three Hundred Seventy Five Thousand Seven Hundred Sixty

VALID AT ANY UBL BRANCH IN PAKISTAN
or Six Months from the date of issue

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

PLEASE DO NOT WRITE BELOW THIS LINE

9523548086199500004240110000

Beneficiary:
Remitter:

M/s National Electric Power Reg. Authority
Gadda Road, Dist. Rawalpindi

No: 9523548

Date: 13-5-15

003000611

Office

Manager

Amount	Commission	Withholding Tax	FED	Misc. Charges	Total
1375760/-	200	-	200	-	

Amounts in Rupees

Remitter's copy

1000 Haveli Road, Branch

UBL UNITED BANK LTD

ISSUING BRANCH:

UBL UNITED BANK LIMITED
Gadda Road, Dist. Rawalpindi

CHEQUE No. 9523672

Date 03-06-15

CASHIER'S CHEQUE

Rs 10400/-

Pay against this Cheque

Amount PKR 10400/-

to the order of

M/s National Electric Power Regulatory Authority
Ten thousand four hundred rupees only.

sum
in Rupees

VALID AT ANY UBL BRANCH IN PAKISTAN
or Six Months from the date of issue

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

PLEASE DO NOT WRITE BELOW THIS LINE

9523672086199500004240110000

Beneficiary:
Remitter:

M/s National Electric Power Regulatory Authority
Gadda Road, Dist. Rawalpindi

No: 9523672

Date: 3-6-15

003000611

Office

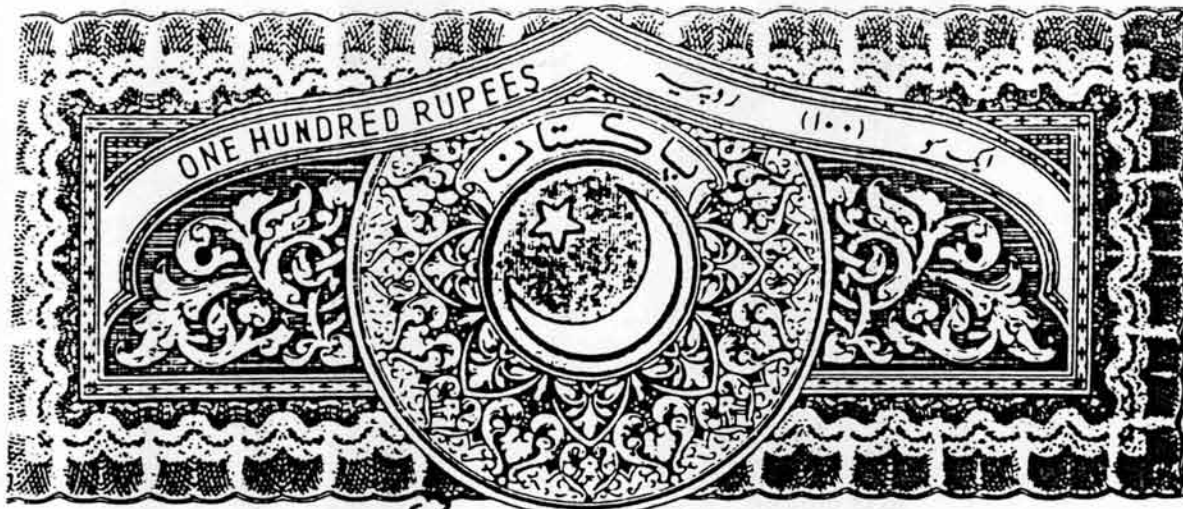
Manager

Withholding Tax

FED

Misc. Charges

Total



F/E

Sr. No. _____ Dt : 13-05-2015, Issued to M/S Central Power Generation Company
 Limited (GENCO-II) T.P.S Guddu
 Accounts Office
 Jacobabad
 06 FEB 2015
 Stamp Vendor Kashmiri
 Distt. Kashmiri (Sindh)

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY ("NEPRA")

APPLICATION FOR TARIFF DETERMINATION

AFFIDAVIT of Mr. MUHAMMAD KHALID ALVI S/O HAFIZ LAL AHMED, Pakistani National, having CNIC # 32304-1596603-9, Chief Executive of Central Power Generation Company Limited (the "CPGCL") (Generation License No. GL/02/2002).

I, the above-named Deponent, do hereby solemnly affirm and declare as under:-

1. I am Chief Executive and Principal authorized representative of CPGCL.
2. That I have filed the accompanying Tariff Petition / Application No. _____ together with supporting documents and annexure before the learned Authority, and the contents of the same may kindly be read as an integral part of this affidavit.
3. That the contents of the accompanying Tariff Petition are true and correct to the best of my knowledge and belief of and according to the information received by the Deponent, and that nothing has been concealed.
4. That all further documentation and information to be provided by me in connection with the accompanying Tariff Petition shall be true to the best of my knowledge and belief and according to the information received by the Deponent.

DEPONENT

M. K. Alvi

Chief Executive Officer
 Central Power Generation Co. Ltd.
 Guddu

Verification

Verified on oath on this 16th day of May, 2015 that the contents of this affidavit are true and correct to the best of my knowledge and belief.

16/5/15

DEPONENT

M. K. Alvi

Chief Executive Officer
 Central Power Generation Co. Ltd.
 Guddu