

# Punjab Thermal Power (Pvt.) Limited

November 10, 2017  
Ref: PPTL/FIN/227/2017

The Registrar,  
National Electric Power Regulatory Authority  
NEPRA Tower, G-5/1, Attaturk Avenue (East)  
Islamabad

## **Subject: Addendum to the tariff petition**

Punjab Thermal Power (Private) Limited ("PTPL" or "the Petitioner") has submitted the tariff petition to the National Electric Power Regulatory Authority ("NEPRA" or "Authority") through its letter no. PTPL\ Admin\095\2017 dated September 13, 2017 wherein comprehensive details of the estimated project cost are provided to the Authority and tariff for the said plant has been sought.

In continuation of the same, this addendum is being submitted to the aforesaid tariff petition for the kind attention of the Authority, covering the matters explained below:

### **1. Output degradation effect on Foreign Variable O&M Component:**

The Variable O&M cost comprises LTSA and O&M operator fees denominated in foreign currency. The Variable O&M cost component in the tariff petition has been computed based on net output of 1,242.7 MW as a static number. However, annual output degradation is expected to gradually reduce the net output of the plant over the tariff control period. As a natural consequence, the actual variable costs are bound to be higher than the respective Variable O&M amounts to be recovered under the tariff, thus exposing the Petitioner to a continuing loss. In view of this submission, the Authority is requested to allow output degradation factor application to the Variable O&M Cost components based on the OEM degradation curve.

### **2. Fees, subscription and charges to be included in the administrative expenses:**

The detail of administrative expenses submitted under Schedule L of the tariff petition by mistake did not cover fees, subscription and charges payable to regulators such as Private Power and Infrastructure Board ("PPIB"), SECP and NEPRA as a cost line item. Given the materiality of these expenses and significant increase in PPIB fee structure post tariff petition submission, the Petitioner hereby requests the Authority to kindly consider and allow the fees, subscription and charges as detailed under attached **Schedule L1**. Accordingly, the revised Administrative Expenses schedule (i.e. **Schedule L**) incorporating the impact of **Schedule L1** is attached with this letter.


# Punjab Thermal Power (Pvt.) Limited

Consequently, the **Schedule A** Reference Generation Tariff Table (RLNG Combined Cycle and HSD Combined Cycle) were also revised i.e. **Schedule A1** - Reference Generation Tariff Table (RLNG Combined Cycle and HSD Combined Cycle) after incorporating the impact of above matters and is enclosed for your reference.

All other figures and assumptions used in the calculation of Reference Generation Tariff Table are same as which were used for the calculation of Reference Generation Tariff Table submitted through our letter no. PTPL\Admin\095\2017 dated September 13, 2017.

The Petitioner remain available to provide further information / explanations regarding the above mentioned matters, if required.

The Authority is requested to positively consider and incorporate the information submitted through this addendum as an integral part of the tariff petition and determine the tariff components accordingly.

  
(Ahad Khan Cheema) 09/11/17  
Chief Executive Officer

**REVISED SCHEDULE - L  
(ADMINISTRATIVE EXPENSES)**

	Original	Addendum (Schedule L-1)	Revised
		USD	
Administrative expenses during construction for (30 months)-rounded off	11,676,000	2,457,000	14,133,000
Administrative expenses during construction for (30 months)	11,878,013	2,458,903	14,132,916
Administrative expenses during construction for (30 months) (30 months represents 27 months construction period and 3 months prior to Notice To Proceed)	10,819,349	2,458,903	13,078,252
Purchase of vehicles, computers, ERP etc. (one time)	1,056,664	-	1,056,664
Administrative expenses per annum in USD (12 months)	4,247,740		
Purchase of vehicles, computers, ERP etc. in USD (one time)	1,056,664		
		Rs	
Administrative expenses per annum in Rs (12 months)	448,138,542		
Purchase of vehicles, computers, ERP etc. in Rs (one time)	111,478,000		
Admin expenses per annum		Rs	
Employee Costs	291,020,828		
Rental Agreements	18,877,880		
Entertainment	4,800,000		
Printing and Stationery Costs	9,800,000		
Communications Costs	8,000,000		
Electricity & Generator Fuel	18,000,000		
Vehicles Running & Maintenance	14,918,600		
Travelling, Boarding and Lodging	11,582,078		
Auditors remuneration	4,800,000		
Training and Fees	18,075,060		
Computer Software / Hardware	6,000,000		
Repair & Maintenance / Services	3,000,000		
Group life & health insurance	8,000,000		
Security & surveillance	3,900,000		
Advertisement etc	18,000,000		
Miscellaneous Expenses	11,964,000		
Total	448,138,542		
Purchase of vehicles, computers, ERP etc.	NOTE	Rs	
Automobiles & Motorcycles	1	45,488,000	
Computerization - Software / Hardware / Networking	2	10,010,000	
ERP	3	29,700,000	
Communication equipment	4	5,500,000	
Printers & faxes etc.	5	4,800,000	
Office Furniture	6	9,000,000	
Office & Safety Equipment	7	6,200,000	
Kitchen Appliances	8	1,000,000	
Total		111,478,000	

**NOTES:**

- 1 Represents purchase of 4 Vigo, 8 Alfas, 1 GLI, 2 Civic, 2 Swift, 3 Caltus, 10 bikes and registration cost of all vehicles
- 2 Represents purchase of 58 laptops, desktops, network drives, LED, LCDs etc.
- 3 Represents cost of SAP, Oracle etc.
- 4 Represents cost of telephone exchange, network hub etc.
- 5 Represents cost of printers, fax, photocopier etc.
- 6 Represents cost of chairs, tables, sofas, partitions, cabinets etc.
- 7 Represents cost of fire extinguishers, safety alarm system, heaters etc.
- 8 Represents crockery items etc.

**Addendum to Tariff petition**

**Schedule L1 - Fees, subscription and charges**

USD

**Summary:**

Total one time fees	2,021,162
Total annual recurring fees for construction period (annual fees/12 x 30)	435,741
<b>Total fees</b>	<b>2,456,903</b>

One time fees and charges	NOTE	USD
<b>Private Power &amp; Infrastructure Board</b>		
Registration fee	1	300
Letter Of Intent	1	300,000
Performance guarantee charges (LOI) (\$1,000/MW)	1,2	-
Letter Of Support	1	400,000
Performance guarantee charges (LOS) (\$5,000/MW)	1,2	-
PPIB fee for financial close (\$1000/MW max \$500,000)	1	500,000
PPIB fee for COD (\$300/MW)	1	378,960
		<b>1,579,260</b>
<b>NEPRA</b>		
Application & Modification GL Fee (above 100MW)	4	7,226
GL fee (above 100MW)	4	14,452
		<b>21,677</b>
<b>SECP fees</b>		
Company incorporation fee (PKR 10 million worth of share capital)	5	957
Authorized share capital fees (PKR 21.149 Billion)	5	419,267
		<b>420,225</b>

Annual recurring fees	NOTE	USD
NEPRA Annual Generation License Fee (Rs4079/MW x Gross capacity x CPI adjustment)	3	170,130
SCEP - Charge registration fees (25 charges @ PKR 5,000 each)	3	4,167
		<b>174,296</b>

**NOTE:**

- 1 Represents the revised rates as checked from PPIB. These are yet to be notified / published on the website.
- 2 Bank charges on performance guarantee for LOI & LOS are not included above. It is assumed that these are already covered/allowed under the project cost head of financing fees and charges.
- 3 Annual recurring costs include NEPRA Annual Generation License Fee and SECP Charge registration fees only
- 4 Amounts obtained from NEPRA website
- 5 Amounts calculated using online fee calculators made available on the SECP website at:  
<https://www.secp.gov.pk/company-formation/fee-calculator/company-incorporation-fee-calculator/>  
<https://www.secp.gov.pk/company-formation/fee-calculator/authorized-share-capital-enhancement-fee-calculator/>

**Information:**

Plant capacity-gross (MW)	1,263.2
Plant capacity-net (MW)	1,242.7
Exchange rate	105.5
Construction period (months)	30
Months in year	12

**SCHEDULE A1**  
**REFERENCE GENERATION TARIFF TABLE - RLNG COMBINED CYCLE**

Year	Energy Purchase Price (Rs./kWh)			Capacity Purchase Price (PKR/kW/Hour)									Total Tariff	
	Fuel component	Var O&M	Total EPP	Fixed O&M local	Fixed O&M foreign	Cost of W/C	Insurance	ROE	Debt Repayment	Interest Charges	Total CPP	Capacity charge@ 92%	Rs. / kWh	Cents / kWh
1	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.3786	0.5261	1.6196	1.7605	7.4408	7.0529
2	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.4140	0.4907	1.6196	1.7605	7.4408	7.0529
3	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.4527	0.4520	1.6196	1.7605	7.4408	7.0529
4	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.4950	0.4097	1.6196	1.7605	7.4408	7.0529
5	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.5413	0.3634	1.6196	1.7605	7.4408	7.0529
6	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.5919	0.3128	1.6196	1.7605	7.4408	7.0529
7	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.6472	0.2575	1.6196	1.7605	7.4408	7.0529
8	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.7077	0.1970	1.6196	1.7605	7.4408	7.0529
9	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.7739	0.1308	1.6196	1.7605	7.4408	7.0529
10	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.8462	0.0584	1.6196	1.7605	7.4408	7.0529
11	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
12	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
13	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
14	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
15	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
16	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
17	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
18	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
19	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
20	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
21	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
22	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
23	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
24	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
25	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
26	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
27	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
28	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
29	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
30	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	-	-	0.7149	0.7771	6.4575	6.1208
<b>Average</b>														
1-10	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.5848	0.3198	1.6196	1.7605	7.4408	7.0529
11-30	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.0000	0.0000	0.7149	0.7771	6.4575	6.1208
1-30	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.1949	0.1066	1.0165	1.1049	6.7853	6.4315
<b>Levelized</b>														
1-30	5.3763	0.3041	5.6804	0.0605	0.1036	0.0824	0.0514	0.4170	0.3555	0.2342	1.3046	1.4181	7.0984	6.7284
<b>Levelized Tariff =</b>					<b>7.0984 Rs./kWh</b>		<b>6.7284 US Cents/kWh</b>							

**SCHEDULE A1**  
**REFERENCE GENERATION TARIFF TABLE - HSD COMBINED CYCLE**

Year	Energy Purchase Price (RS/kWh)				Capacity Purchase Price (PKR/kWh/Hour)								Total Tariff	
	Fuel component	Var. O&M	Total EPP	Fixed O&M local	Fixed O&M foreign	Cost of W/C	Insurance	ROE	Debt Repayment	Interest Charges	Total CPP	Capacity charge@ 92%	Rs / kWh	Cents / kWh
1	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.4349	0.6043	1.8605	2.0223	13.1827	12.4954
2	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.4756	0.5637	1.8605	2.0223	13.1827	12.4954
3	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.5200	0.5192	1.8605	2.0223	13.1827	12.4954
4	10.7218	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.5686	0.4706	1.8605	2.0223	13.1827	12.4954
5	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.8218	0.4175	1.8605	2.0223	13.1827	12.4954
6	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.6799	0.3593	1.8605	2.0223	13.1827	12.4954
7	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.7435	0.2958	1.8605	2.0223	13.1827	12.4954
8	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.8130	0.2262	1.8605	2.0223	13.1827	12.4954
9	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	0.8890	0.1502	1.8605	2.0223	13.1827	12.4954
10	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	0.9721	0.0671	1.8605	2.0223	13.1827	12.4954
11	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
12	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
13	10.7218	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
14	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
15	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
16	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
17	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
18	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
19	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
20	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
21	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
22	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
23	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
24	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
25	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
26	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
27	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
28	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
29	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
30	10.7216	0.4388	11.1604	0.0895	0.1190	0.0947	0.0590	0.4790	-	-	0.8213	0.8927	12.0531	11.4247
<b>Average</b>														
1-10	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	0.6718	0.3674	1.8605	2.0223	13.1827	12.4954
11-30	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	0.0000	0.0000	0.8213	0.8927	12.0531	11.4247
1-30	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	0.2239	0.1225	1.1677	1.2692	12.4296	11.7816
<b>Levelized</b>														
1-30	10.7216	0.4388	11.1604	0.0695	0.1190	0.0947	0.0590	0.4790	0.4084	0.2690	1.4987	1.6290	12.7894	12.1226
Levelized Tariff = 12.7894 Rs/kWh      12.1226 US Cents/kWh														