



NO. DAE/Wind/42/2015
 GOVERNMENT OF SINDH
 DIRECTORATE OF ALTERNATIVE ENERGY
 ENERGY DEPARTMENT

Karachi, dated: 2nd March, 2017

Ph: 02199206449

Registrar
 National Electric Power Regulatory Authority
 Ata Turk Avenue
 Islamabad

Dear Sir

SUB: Review Petition before NEPRA: DETERMINATION OF UPFRONT TARIFF FOR WIND POWER PROJECTS.

For information & m/a
 — DRO/DEG — Mr. Khalid
 C/o: 03.03.17
 — SA(T)-I
 — SA(Tech) cc: chairman
 — DG (M&E) VC/MGT
 — LA (KAP) - M/F M (LIC) - M (CA)

We refer to NEPRA letter No. NEPRA/SAT-1/TRF-100/16539-16622 dated 9th December, 2017 seeking the comments of the Government of Sindh Energy Department (the "Petitioner") on the draft Concept Note on Proposed Competitive Bidding regime for Generation & Transmission tariffs in Pakistan.

On 24.02.2017, the Petitioner, vide letter No. SOPP:-6/34-2016-NEPRA/P-V furnished its comments on the aforementioned subject, highlighting that the competitive bidding process already exists in the NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2014 and the Government of Pakistan Policy for Development of Renewable Energy Power Generation 2006, which explicitly states that the competitive bidding process is restricted to solicited proposals. For unsolicited proposals, the tariff options of negotiated tariff (i.e. Cost Plus) and up-front tariff are clearly determined. The Department thereby requested the Authority that the competitive bidding process be limited to solicited project proposals only and an Upfront Tariff may please be determined for unsolicited projects, in line with the Renewable Energy Power Generation Policy 2006.

Subsequent to NEPRA's Determination of Benchmark Tariff for Wind Power Generation, the Petitioner, vide letter No. SOPP:-6/34-2016-NEPRA/P-VI dated 06.02.2017, reiterated that pursuant to the Policy for Development of Renewable Energy Power Generation 2006, the competitive bidding process cannot be implemented on unsolicited projects. Furthermore, only two wind power projects initiated by the Department are eligible to be considered for bidding after confirmation of Grid interconnection.

In continuation with the aforesaid communication and feeling aggrieved with the aforesaid Determination, being *inter alia*, restrictive, the Petitioner hereby submits with the learned Authority, this Review Petition (along with attachments hereto), *inter alia*, under NEPRA Review Procedure Regulations, 2009, as amended from time to time read with enabling provision of NEPRA Act, Rules and

1-1-13
 Dated: 03-03-17
 APP-9

State Life Building No. 3, Floor 3rd, Opposite CM House, Karachi phone: 02199206449, Fax: 02199206276

Regulations etc. (the "Review Petition") and seeks urgent and favorable adjudication and also specifically requests the Authority to grant an opportunity of being heard. It is requested that the earlier communication may be treated an integral part of this Review Petition and in compliance with the NEPRA laws.

The Petitioner, with this Review Petition, further requests the Authority to review the Determination of Benchmark Tariff for Wind Power Projects and also determine the Upfront Tariff for Wind Power Projects to expedite the development of existing projects at the earliest and provide the Petitioner an opportunity of hearing.

Thank you and with kind regards,



(ENGR. MEHFOOZ A. QAZI)
Director, Alternative Energy.

For and on behalf of
Government of Sindh Energy Department

REVIEW PETITION BEFORE NEPRA – GOVERNMENT OF SINDH ENERGY DEPARTMENT

Name of Petitioner: Government of Sindh Energy Department
State Life Building No.3, Floor 3rd,
Opposite CM House,
Karachi

Legal Basis: The Review Petition by the Company (the "Review Petition") is filed, *inter alia*, under the National Electric Power Regulatory Authority ("NEPRA") Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of) 1997 (the "NEPRA Act") and NEPRA Review Procedure Regulations, 2009 and other applicable provisions of NEPRA laws against the New Tariff for Wind Power Generation No. NEPRA/TRF-WPT/2017/1542-1544 and NEPRA's failure to determine Upfront Tariff for Wind Power Generation to cater to unsolicited project proposals and may be read in continuation with the previous communication of the Petitioner on the subject.

Petitioner: Government of Sindh Energy Department, Directorate of Alternative Energy (the "Petitioner")

GROUNDS FOR FILING THE REVIEW PETITION BEFORE THE LEARNED AUTHORITY

The Petitioner requests the kind consideration of the Authority on the following grounds and seeks opportunity of being heard before the Authority to decide the subject Review Petition and this Review Petition may be read in continuation with the previous communication of the Petitioner on the subject.:

1. The Petitioner has initiated a number of unsolicited wind power projects, all of which are at different development stages and have been delayed due to pending regulatory approvals. In June 2016, ten of these projects obtained Grid Interconnection Approval from NTDC, but suffered subsequent delays as a result of non-issuance of PAR. Moreover, additional thirteen unsolicited wind power projects submitted their respective applications for unconditional acceptance of upfront tariff. The Applications still remain pending with the Authority.
2. At the outset, it is pertinent to mention that under the Renewable Energy Policy, 2006, the tariff for sale/purchase of electricity from the RE IPP may be arrived through (a) Competitive bidding (solicited proposals), (b) Negotiations (unsolicited proposals) and (c) Up-front tariff-setting. Furthermore, an upfront tariff or negotiated tariff is mandatory under the RE Policy. The Authority also conducted Public hearing on 19-07-2016.
3. On 27.01.2017, NEPRA determined new tariff No. NEPRA/TRF-WPT/2017/1542-1544 for wind power generation projects, which was received by the Petitioner on 30.01.2017. The Benchmark Tariff for competitive bidding proposed to conduct the bidding process under the NEPRA Competitive Bidding (Approval Procedure) Regulations, 2014. The review request was also submitted on 6th February 2016 through Registrar NEPRA before the authority.
4. It is hereby submitted that the Renewable Energy Policy expressly restricts the competitive bidding process to solicited proposals only, making no mention of a competitive bidding process for unsolicited proposals. At Paragraph A.7.2, the Policy provides the following:

"A.7.1 Tariff through Competitive Bidding on Solicited Proposals

"This would entail determination of tariff on the basis of competition in accordance with the Policy for Power Generation Projects, 2002.

The bidding process may be structured along either of the following two options:

- i. Bidders may be required to submit their competitive proposals for the tariff
- ii. A benchmark tariff may be offered up-front, and bidders invite to quote a discount on the benchmark price"

The Policy allows for negotiations in the sale/purchase price of electricity where competitive bidding for unsolicited projects is concerned.

5. However, for unsolicited proposals, the RE Policy allows for either a negotiated tariff (cost-plus) or an upfront tariff, and makes no mention of competitive bidding process for the determination of tariff. Moreover, the Policy explicitly states that negotiations for the purchase price of electricity will not be carried out where the project has opted for upfront tariff determined by the Authority. At Paragraph A.7.2, the Policy provides the following:

"A.7.2 Negotiated Tariff for Unsolicited Proposals and Upfront Tariff

...If an IPP wishes to submit unsolicited proposal and wants to settle tariff through negotiations, NEPRA will determine the tariff in consultation with the IPP, the power purchaser(s) and other stakeholders. Projects opting for upfront tariff determined by NEPRA will not require any further negotiations, approvals or clearances with respect to the purchase price of the electricity produced."

6. The new tariff determined by NEPRA caters only to solicited proposals and the same cannot be implemented on unsolicited proposals under the RE Policy 2006. The projects initiated by the Petitioner are awaiting determination by the Authority so that the same can be applied for unconditional acceptance. Despite conducting upfront tariff hearings since July 2016, the Authority has failed to determine upfront tariff for wind power generation to date.
7. Furthermore, out of the thirty-five wind power projects initiated by the Petitioner, only two solicited sites of 100 MW (Sindh Renewable Energy Company) are eligible to be considered for competitive bidding pursuant to the new tariff after confirmation of Grid Interconnection.
8. It is further submitted that the wind power projects initiated by the Petitioner are at different stages of development. The project developers have installed wind masts and conducted detailed feasibility studies (e.g. Topographic Study, Soil Study, Transportation Study and Grid Interconnection Studies (approved by NTDC)) at their own cost. Hence, introducing competitive bidding at this stage for unsolicited project sites will result in not only lengthy litigation proceedings but will also halt the development of the power sector by means of private investment. Moreover, the said projects have already submitted applications for unconditional acceptance of upfront tariff. The updated progress on these projects was conveyed to NEPRA during the tariff hearings and various meetings through Grid Code Review Panel.
9. Currently, the country is facing a massive power crisis and to meet the increasing electricity demand, it is the need of the hour to expedite regulatory approvals and mitigate losses. Therefore, NEPRA, in its sole and exclusive domain, is requested to review the new tariff for wind power generation and also determine upfront tariff for development of existing projects at the earliest.
10. The Petitioner sincerely hopes that NEPRA would give due consideration to its request and will consider the balance of convenience, prima facie and bonafide case, facts, merits, circumstances.

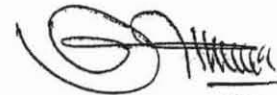
11. The Petitioner seeks NEPRA's permission to submit and supplement further and additional evidence, grounds and arguments, as may be appropriate, from time to time. Any other point not identified herein may kindly be allowed to be raised for the Authority's kind consideration during the hearing of the Review Petition.
12. In case of any unintentional errors or omissions, typographical errors etc., the same will be corrected/incorporated and advised to the Authority as soon as the Petitioner becomes aware of it.
13. It is requested that the subject Review Petition may be urgently placed before the Authority for admission and the office may process the Review Petition expeditiously and without delay.
14. The Petitioner may be allowed to suggest the issues to be framed in the Review Petition on which specific opinion/decision of the Authority is sought.
15. This review Petition may be read In continuation with the previous communication of the Petitioner on the subject.

DETERMINATION SOUGHT

In light of the aforesaid, it is respectfully prayed that the learned Authority may kindly:

- (i) Accept the Review Petition;
- (ii) Grant a hearing to the Petitioner;
- (iii) Restrict the new tariff to solicited projects in line with the RE Policy 2006;
- (iv) Determine Upfront Tariff for Wind Power Generation;
- (v) Grant any other relief which is just, proper & better may also be awarded.

02-03-2017



Engr. Mehfooz A Qazi,
Director Alternative Energy
For and on behalf of
Government of Sindh Energy Department