



GENCO Holding Co. Ltd.



JAMSHORO POWER COMPANY LIMITED

(GOP OWNED CORPORATE ENTITY)

Mohra Jabal Dadu Road, Jamshoro

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Chief Executive Officer

No.CEO/JPCL/TD/NEPRA Tariff/RLNG/3516-18

Dt. 8 March - 2018

✓ The Registrar

National Electric Power Regulatory Authority

NEPRA Tower, Atta Turk Avenue (East)

G-5/1, Islamabad.

For information & info to
 — DRO/Dreg-I
 — SACTech — SAT-I
 — DG (M&E) — ADG (Lk)
 — LA (CLP) — MIF
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 =: chair
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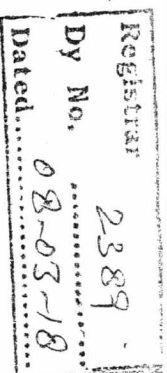
Subject: Application for Modification in the Existing Mechanism of Fuel Cost Component on account of Re-Gasified Liquefied Natural Gas (RLNG)

Dear Sir,

Jamshoro Power Company Limited (hereinafter referred as "JPCL") was incorporated under the Companies Ordinance 1984 on 03.08.1998. The Generation License bearing number GL/01/2002 was granted by National Electric Power Regulatory Authority (NEPRA) on 01.07.2002. The first Generation Tariff of JPCL was determined by NEPRA vide Determination dated 29.03.2004. A petition for determination of existing tariff was filed with NEPRA under Case # NEPRA/TRF-255/JPCL-2014, on 20th February 2014. NEPRA issued determination for JPCL vide letter No.NEPRA/TRF-255/JPCL-2014/10516-10518 dated 12.09.2014. Pursuant to a motion for leave to review, a revised determination was issued by NEPRA on 01.09.2015.

The said tariff is determined for Thermal Power Plant TPS Jamshoro based on dual fuel Natural Gas/ RFO with RFO as primary fuel, whereas, the primary fuel for GTPS, Kotri is Natural Gas. The furnace oil is being supplied by Pakistan State Oil Company Limited (PSO) through road tankers and railway Tank Wagons and gas is supplied by Sui Southern Gas Company (SSGC) through pipeline as per Gas Supply Agreement (GSA) April 1995 with TPS Jamshoro and as per Gas Supply Agreement (GSA) October 1978 with GTPS Kotri 'subject to availability'. The fuel cost component of these plants is subject to adjustment in accordance with the prescribed fuel price adjustment mechanism as notified in the official Gazette. With the shortage of natural gas and the cut in the supply of the furnace oil, only one or two units of thermal power plant Jamshoro were running on available useable stock of RFO which has now almost depleted to 3,954 Metric Ton on 06.03.2018 and will ultimately lead to standby whereas GTPS Kotri is on standby since October 2017. There is no other option but to run the power plants on Re-Gasified Liquefied Natural Gas (RLNG).

The Ministry of Energy (Power Division), being cognizant of the electric power crisis, decided to make arrangement of RLNG for JPCL's plants so that RLNG could be supplied to JPCL's plants as a fuel for their operations.



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The mechanism of tariff adjustment on account of fuel price variation prescribed in the Tariff Determinations of JPCL is based on the price of natural gas and there is a need for prescribing the adjustment mechanism for variation in prices of RLNG. As indigenous gas is not available now-a-days in the SSGC's system, therefore, operation of the plant on RLNG is the requirement of NPCC.

The infrastructure required for operation of the machines of TPS, Jamshoro and GTPS Kotri on indigenous gas/ RLNG is intact and machines are ready to be operated on either gas alone, furnace oil alone or on mixed firing (Natural Gas & RFO). The Units are technically sound and can be operated efficiently and contribute towards economical generation.

Request:

Pursuant to above explained scenario, NEPRA is requested to determine and notify Fuel Cost Component (FCC) with immediate effect for JPCL's old blocks/units as per Rule 4(7) of Tariff Standards & Procedure Rules, 1998. Our request is based on current RLNG price of USD 10.0004 per MMBTU as notified by Oil & Gas Regulatory Authority (OGRA) vide notification No. OGRA-10-11(8)/2017 dated 02.03.2018 for consumers on transmission network, which comes out to Rs. 1100.044/MMBTU @ USD - PKR parity of 110.

The FCC on RLNG will be based on the following Heat Rates of the plants which are already approved by NEPRA in tariff determination of September 2015.

Energy Purchase Price	Net Dependable Capacity approved by NEPRA (MW)	Net Heat Rate approved on this Net Dependable Capacity (Btu/Kwh)
Block II - Jamshoro Unit 2	154.731	12197.00
Block II - Jamshoro Unit 3	155.364	11868.00
Block II - Jamshoro Unit 4	156.476	11614.00
Block III - Kotri Unit 3-7 (with CCP)	106.500	10237.00
Block III - Kotri Unit 3-7 (w/o CCP)	106.500	15355.50

Indexation / adjustments

Fuel cost component of Energy Charge part of tariff of each block / unit will be adjusted on account of fuel price variation, according to the following formula:

$$\text{FCC (Rev)} = \text{FCC (Ref)} \times \text{FP (Rev)} / \text{FP (Ref)}$$

Where:

- FCC(Rev) = Revised fuel cost component of energy charge part of tariff
- FCC(Ref) = Reference fuel cost component
- FP(Rev) = Revised applicable fuel price of RLNG
- FP(Ref) = Reference fuel price of RLNG Rs.1100.044/MMBtu

The FCC on for each Unit/Block, calculated on above Heat Rates is given below.

Energy Purchase Price	Fuel Type	Fuel Cost Component
Fuel Cost Component		Rupees per kWh
Jamshoro Block 2 Unit 2	RLNG	13.4172
Jamshoro Block 2 Unit 3	RLNG	13.0553
Jamshoro Block 2 Unit 4	RLNG	12.7759
Block III Kotri Unit 3 - 7 (CCP)	RLNG	11.2612
Block III - Kotri Unit 3-7 (w/o CCP)	RLNG	16.8917

Whereas all other terms and conditions of Fuel Cost Component and the existing tariff will remain unchanged.

The NEPRA is requested to determine and notify the above FCC portion of Energy part of Generation Tariff, along-with the relevant indexation, in accordance with the parameters and assumptions mentioned above. We will be honoured to provide any further information or clarification which may be required by the NEPRA for processing of above request.

Best regards,


Chief Executive Officer

Copy to:

- 1- Joint Secretary (Transmission), Ministry of Energy (Power Division), Block-A, Pak Secretariat, Islamabad, for information, please.
- 2- Chief Executive Officer, GENCO Holding Company Limited, 1st Floor, OPF Building, G-5/2, Islamabad.



(آئل اینڈ گیس ریگولیٹری اتھارٹی) OIL & GAS REGULATORY AUTHORITY
"SAY NO TO CORRUPTION"

No. OGRA-10-11(8)/2017

March 2, 2018

Managing Director
Pakistan State Oil Limited,
PSO House, Khayaban-e-Iqbal,
Clifton, Karachi.

Managing Director
Pakistan LNG Limited,
Petroleum House, G-5,
Islamabad.

**Subject: Determination of Re-gasified Liquefied Natural Gas (RLNG)
Weighted Average Sale Price for the Month of March, 2018.**

Dear Sir, (اسلام آباد)

Reference emails of PSO dated February 26, 2018 and PLL dated February 23, 2018 on the above subject.

2. In accordance with the Federal Govt. decision regarding "RLNG Allocation, Pricing and Associated Matters" and recent advice from Ministry of Energy regarding weighted average sale price dated January 22, 2018, RLNG Weighted Average Sale prices for the month of March, 2018 have been computed and attached as **Annexure- A** and **Annexure- B**.

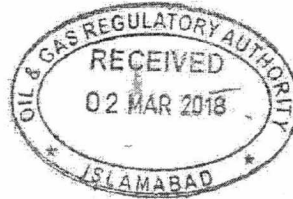
Best Regards,

(Abdul Basit Qureshi)
Registrar
(For & behalf of the Authority)

CC to:

Managing Director, SSGCL,
St-4-B, Block 14, Sir Shah Suleman Road,
Gulshan-e- Iqbal, Karachi.

Managing Director, SNGPL,
21-Kashmir Road, Gas House,
Lahore.



Computation of RLNG Provisional Price March 2018

Particulars	Unit	SNGPL (March-2018)			
		Transmission		Distribution	
		PSO	PLL	PSO	PLL
No. of Cargos		6	4	6	4
Quantity Received		19,200,000	12,800,000	19,200,000	12,800,000
Retainage (PSO @ 0.75% & PLL 0.67%)		144,000	85,760	144,000	85,760
Quantity Delivered at Terminal		19,056,000	12,714,240	19,056,000	12,714,240
Transmission Loss: 0.19%		36,206	24,157	-	-
T & D Loss: 8.07%				1,537,819	1,026,039
Total Loss including Retainage		180,206	109,917	1,681,819	1,111,799
%age Losses		0.94%	0.86%	8.76%	8.69%
Quantity available for Sale		19,019,794	12,690,083	17,518,181	11,688,201
LNG Price (DES)		8.9537	8.5717	8.9537	8.5717
PSO/ PLL other imports related actual costs		0.2881	0.1409	0.2881	0.1409
PSO/ PLL margin		0.2238	0.2143	0.2238	0.2143
Terminal Charges		0.4400	0.5791	0.4400	0.5791
RLNG Cost		9.9056	9.5060	9.9056	9.5060
Retainage volume adjustment		0.0749	0.0641	0.0749	0.0641
T & D volume adjustment		0.0190	0.0182	0.8761	0.8401
LSA management fee (SSGC/PEL)		0.0250	0.0250	0.0250	0.0250
Cost of supply		0.6543	0.6543	0.6543	0.6543
Total RLNG price without GST		10.6788	10.2676	11.5359	11.0895
Quantity available for Sale	MMBTU	19,019,794	12,690,083	17,518,181	11,688,201
Total cost of RLNG	US \$	203,107,963	130,296,290	202,087,422	129,615,929
sum of Total RLNG cost (PSO & PLL)	US \$	333,404,253		331,703,351	
sum of quantity available for sale (PSO & PLL)	MMBTU	31,709,877		29,206,382	
Weighted Average Sale Price without GST	US \$/MMBTU	10.5142		11.3572	

Notes:

I. Calculation of LNG DES Price	PSO	PLL
Brice_m3 December, 2017	64.0640	64.0640
Brice_m2 January, 2018	69.0714	69.0714
Brice_m1 February, 2018 (from 01/02/2018 to 26/02/2018)	65.6778	65.6778
Brent_m	66.2710	66.2710
CPm=13.37% (PSO) of Brent_m (PSO), 12.87705% for PLL	8.8604	8.5337
Port Charges (in the excess of limit borne by LNG supplier)	0.0933	0.0380
Total DES	8.9537	8.5717

- ii. Average cost of supply for has been taken on provisional basis as per FRR-2016-17.
- iii. Weighted Average Sale Price has been worked out in light of the advice of the Ministry of Energy
- iv. Retainage has been taken on provisional basis subject to final outcome of the audit as required under the Service Agreements.
- v. The above prices have been computed on the basis of data provided by M/s PSO & M/s PLL. The parties (SNGPL, SSGCL, PSO & PLL) shall scrutinize the same on the basis of evidences before making payments as per their mutual agreements.

Computation of RLNG Provisional Price March 2018

		SSGC (March-18)			
		Transmission		Distribution	
		PSO	PLL	PSO	PLL
No. of Cargos		6	4	6	4
Quantity Received		19,200,000	12,800,000	19,200,000	12,800,000
Retainage (PSO @0.75% & PLL 0.67%)		144,000	85,760	144,000	85,760
Quantity Delivered at Terminal		19,056,000	12,714,240	19,056,000	12,714,240
Transmission Loss: -0.74%		(141,014)	(94,085)	-	-
T & D Loss: 13.29%		-	-	2,532,542	1,689,722
Total Loss including Retainage		2,986	(8,325)	2,676,542	1,775,482
%age Losses		0.02%	-0.07%	13.94%	13.87%
Quantity available for Sale		19,197,014	12,808,325	16,523,458	11,024,518
LNG Price (DES)		8.9537	8.5717	8.9537	8.5717
PSO/ PLL other imports related actual costs		0.2881	0.1409	0.2881	0.1409
PSO / PLL margin		0.2238	0.2143	0.2238	0.2143
Terminal Charges		0.4400	0.5791	0.4400	0.5791
RLNG Cost		9.9056	9.5060	9.9056	9.5060
Retainage volume adjustment		0.0749	0.0641	0.0749	0.0641
T & D volume adjustment		(0.0734)	(0.0703)	1.5297	1.4668
LSA management fee		0.0250	0.0250	0.0250	0.0250
Cost of supply		0.2313	0.2313	0.2313	0.2313
Total RLNG price without GST		10.1634	9.7561	11.7665	11.2932
Quantity available for Sale	MMBTU	19,197,014	12,808,325	16,523,458	11,024,518
Total cost of RLNG	US \$	195,107,156	124,959,450	194,423,453	124,502,207
sum of Total RLNG cost (PSO & PLL)	US \$	320,066,605		318,925,660	
sum of quantity available for sale (PSO & PLL)	MMBTU	32,005,340		27,547,975	
Weighted Average Sale Price without GST	US \$/MMBTU	10.0004		11.5771	

Notes:

- | Calculation of LNG DES Price | PSO | PLL |
|---|---------------|---------------|
| Brice_m3 December, 2017 | 64.0640 | 64.0640 |
| Brice_m2 January, 2018 | 69.0714 | 69.0714 |
| Brice_m1 February, 2018 (from 01/02/2018 to 26/02/2018) | 65.6778 | 65.6778 |
| Brent_m | 66.2710 | 66.2710 |
| CPM=13.37% (PSO) of Brent_m (PSO), 12.87705% for PLL | 8.8604 | 8.5337 |
| Port Charges (in the excess of limit borne by LNG supplier) | 0.0933 | 0.0380 |
| Total DES | 8.9537 | 8.5717 |
- Average cost of supply has been taken on provisional basis as per FRR-2016-17.
- Weighted Average Sale Price has been worked out in light of the advice of the Ministry of Energy
- Retainage has been taken on provisional basis subject to final outcome of the audit as required under the Service Agreements.
- The above prices have been computed on the basis of data provided by M/s PSO & M/s PLL. The parties (SNGPL, SSGCL, PSO & PLL) shall scrutinize the same on the basis of evidences before making payments as per their mutual agreements.