



Northern Power Generation Company Limited

Thermal Power Station, Mehmood Kot Road, Muzaffargarh, Punjab

Phone: 066-9200165 Fax: 066-9200166

Chief Executive Officer

Ref: No. NPGCL/CEO/Dir.Tech/388-90

March 07, 2018

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

For information & reply to
— DRO/Dir. Tech. — I
— SA (Tech) — SA/I
— DG (M&E) — ADG (M&E) — Chairman
— LAC (LP) — M/F
08 03 18
VC/M (M&E)
M (T)
M (C)
M (CA)

Subject: Application for Modification in the Existing Mechanism of Fuel Cost Component on account of Re-Gasified Liquefied Natural Gas (RLNG)

Dear Sir,

Our Company, Northern Power Generation Company Limited (hereinafter referred as "NPGCL") was incorporated under the Companies Ordinance 1984 on 15.10.1998. The Generation License bearing number GL/03/2002 was granted by National Electric Power Regulatory Authority (NEPRA) on 01.07.2002. The first Generation Tariff of NPGCL was determined by NEPRA vide Determination dated 02.05.2006. A petition for determination of revised tariff was filed with NEPRA under Case # NEPRA/TRF-304/NPGCL, on 4th March 2015. NEPRA issued determination for NPGCL vide letter No. NEPRA/TRF-304/NPGCL-2015/832-834 dated 22.01.2016. Pursuant to a motion for leave to review, a revised determination was issued by NEPRA on 19.10.2016.

The said tariff is determined for our thermal power plants based on dual fuel Gas/ RFO with the RFO as primary fuel for TPS Muzaffargarh and SPS Faisalabad, whereas, the primary fuel for GTPS, Faisalabad is gas. The furnace oil is being supplied by Pakistan State Oil Company Limited (PSO) through road tankers and railway Lorries and gas is supplied by Sui Northern Gas Pipelines Limited (SNGPL) through pipeline on 'as and when available' basis or as per direction of the System Operator i.e. National Power Control Centre (NPCC). 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, the plants of NPGCL are on standby since November 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 NPGCL's plants so that these plants could be supplied the fuel for their operations.

Senior Advisor Tariff
By No. 2498
Date: 9-3-18

Registrar
By No. 2401
Dated: 08-03-18



Northern Power Generation Company Limited

Thermal Power Station, Mehmood Kot Road, Muzaffargarh, Punjab
Phone: 066-9200165 Fax: 066-9200166

Chief Executive Officer

Ref: No. CEO/MZG/Dir (Tech)/418-20

April 09, 2018

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

Subject: Application for Modification in the Existing Mechanism of Fuel Cost Component on account of Re-Gasified Liquified Natural Gas (RLNG)

Reference: This Office request letter No. NPGCL/CEO/Dir.Tech/388-90 dated 07.03.2018.

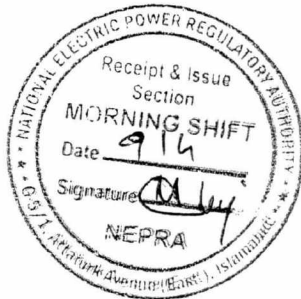
Dear Sir,


The Authority was requested vide above referred letter to allow RLNG as an alternate fuel along with RFO and gas for operation of power plants.

The Authority was also requested to grant immediate application of RLNG as alternate fuel under Rule 4(7) of Tariff Standard & Procedures Rules, 1998.

The Authority is once again requested to expedite the matter for immediate application of RLNG as alternate fuel keeping in view the non availability of gas and RFO, upcoming of summer season and increase in demand of electricity.

Best regards,




(Engr. Ali Asghar)
Chief Executive Officer

Copy to:

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

The mechanism of tariff adjustment on account of fuel price variation prescribed in the Tariff Determinations of NPGCL 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 has become redundant now-a-days in the SNGPL's system, therefore, operation of the plant on RLNG is the requirement of NPCC.

It is pertinent to mention that a 16" dia gas pipeline has been T-off from the Multan/ Sher Shah - Kot Addu gas pipe line. In past Purified Indigenous Natural Gas has been supplied by SNGPL till 2007-08 up-to 250 MMCFD. The infrastructure required for operation of the machines of TPS, Muzaffargarh 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 NPGCL's old blocks as per Rule 4(7) of Tariff Standards & Procedure Rules, 1998. Our request is based on current RLNG price of USD 10.5142 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. 1156.56/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 October 2016.

| Name of Power Station | Blocks | Unit No. | Net Heat Rate as approved by Authority on 100% MCR |
|-----------------------|--------|----------|--|
| | | | Btu/ kWh |
| TPS Muzaffargarh | 1 | 1 | 10,517.00 |
| | | 2 | 10,660.00 |
| | | 3 | 10,291.00 |
| | 2 | 4 | 10,276.00 |
| | 3 | 5 | 10,942.00 |
| | | 6 | 11,241.00 |
| GTPS Faisalabad | 4 | 5~9 | 8,593.00 |
| | | 5~8 | 15,365.00 |
| SPS Faisalabad | 5 | 1~2 | 14,367.00 |
| GTPS Faisalabad | 6 | 1~4 | 15,365.00 |

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:


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

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

| Fuel Cost Component Thermal Power Station Muzaffargarh | | | |
|---|--------------|-------------|--|
| Name of Power Station | Block | Unit | Fuel Cost Component on RLNG (Rs. Per kWh) |
| TPS Muzaffargarh | 1 | 1 | 13.4726 |
| | | 2 | 13.6552 |
| | | 3 | 13.1830 |
| | 2 | 4 | 13.1633 |
| | 3 | 5 | 14.0162 |
| | | 6 | 14.3996 |
| GTPS Faisalabad | 4 | 5~9 | 10.4846 |
| | | 5~8 | 18.7464 |
| SPS Faisalabad | 5 | 1~2 | 17.5278 |
| GTPS Faisalabad | 6 | 1~4 | 18.7464 |

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,


(Engr. Ali Asghar)
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.