

NAME OF LICENSEE: PAKISTAN

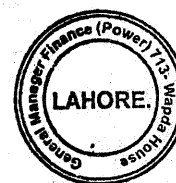
**WATER AND POWER DEVELOPMENT
AUTHORITY**

LICENSE No.

GL (HYDEL) / 05 / 2004

TARIFF PETITION:

**TARIFF MODIFICATION PETITION
FOR REVISION OF WATER USAGE
CHARGES (WUC) RATE TO BE PAID TO
GOVT. OF AJK ON GENERATION FROM
MANGLA POWER STATION**



AUTHORIZATION & REPRESENTATION

In pursuance of Economic Coordination Committee (ECC) decision held in Case No. ECC 76/11/2019 dated 20-03-2019 notified vide MoWR letter dated 28-03-2019 (**Annex-I**) and NEPRA directions conveyed vide letter No. NEPRA/R/TRF-383/14114 dated 02.08.2019 & No. NEPRA/R/TRF-383/2395 dated 14.10.2019 (**Annex-II & III**), WAPDA Authority has decided (**Annex-IV**) to file Tariff Modification Petition in NEPRA for enhancement of rate of Water Usage Charges (WUC) payable to GoAJ&K on the generation of Mangla Power Station at par with the provinces; and to authorize the following officers to submit and sign, individually or jointly, the documents necessary in support of this tariff modification petition and to appear before NEPRA and represent WAPDA-Hydroelectric during the hearing /proceedings of this petition:

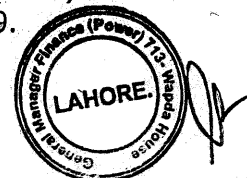
- a. General Manager Finance (Power)
- b. General Manager (Hydel Operation)
- c. GM (C&M) Water
- d. DG (Law)

GROUND/S/BASIS OF PETITION FOR TARIFF MODIFICATION

As per NEPRA determination dated 22.11.2017, NHP is being paid to the provinces (i.e. Govt. of KP and Govt. of Punjab) @ Rs.1.155/kWh. Whereas Water Usage Charges (WUC) of Mangla Power Station are being paid to the Govt. of AJ&K at the NEPRA determined rate of Rs.0.15/kWh under clause 5.6 the Mangla Dam Raising Agreement of 2003.

Ministry of Water Resources, Government of Pakistan vide letter No.6 (17)/2004-HP dated 28.03.2019 (**Annex-I**) has circulated the decision of Economic Coordination Committee (ECC) of the Cabinet held in Case No. ECC 76/11/2019 dated 20-03-2019 (regarding enhancement of rate of WUC payable to GoAJ&K on the generation of Mangla power station) and bring it at par with the provinces. The relevant clauses of above ECC decision are reproduced as under:

- (i) Water Use Charges (WUC) @ Rs. 1.10/kwh should be allowed on Mangla Hydropower Project prospectively as well as Neelum Jhelum Hydro Power Project and any other future public sector hydro power project to AJK at par with Net Hydel Profit (NHP) paid to the provinces. Any future revision in rate of NHP for provinces shall also apply WUC for AJK.
- (iii) Ministry of Water Resources to issue necessary guidelines to NEPRA. WAPDA shall accordingly file tariff application to the Regulator. ECC to be briefed on the progress after 30 days.
- (vii) WUC at the revised rate of Rs.1.10/kwh shall be paid prospectively only, once the recovery through tariff begins, after tariff determination by NEPRA. This arrangement shall not have retrospective effect.
- (viii) WAPDA shall not seek any Federal Government support regarding payment of WUC to AJK.
- (x) The new pricing system for Water Use Charges (WUC) and consumer tariff as DISCO for AJK to be completed by 30th June, 2019.



It is pertinent to mention here that the enhancement of WUC rate on the generation from Mangla Power Station was proposed by WAPDA in its tariff petition for FY 2017-18, but the same was disallowed vide Para-134 Page-36 of the NEPRA tariff determination dated 22.11.2017 for want of decision of the competent forum. Therefore on receipt of above ECC decision dated 20.03.2019, a Supplementary Tariff Petition was filed by WAPDA on 08-05-2019 on the analogy of the supplementary tariff petition dated 20.04.2016 earlier filed for recovery of NHP arrears payable to the GoKP which was duly admitted and determined by the NEPRA on 25.05.2016.

In this case however, NEPRA Authority observed vide letter dated 19-06-2019 (**Annex-V**) that "There is no provision to file supplementary tariff petition under NEPRA Tariff (Standard & Procedure) Rules, 1998. WAPDA may file a tariff modification petition, if so desire". The subsequent request made vide WAPDA's letter dated 28.06.2019 (**Annex-VI**) and MoWR's letter dated 01-10-2019 (**Annex-VII**) for favorable review of above stance was also not acceded to and the NEPRA Authority upheld / maintained its earlier decision vide their letter dated 02-08-2019 & 14-10-2019 (**Annex-II & III**) and advised WAPDA to file Tariff Modification Petition.

Accordingly, the instant Tariff Modification Petition has been filed to seek determination of revised / enhanced rate of Water Usage Charges (payable to Govt. of AJ&K on the generation from Mangla Power Station) in accordance with the decision of ECC of the Cabinet, notified vide MoWR's letter No.6 (17)/2004-HP dated 28.03.2019.

DETERMINATION SOUGHT

NEPRA is requested to make partial modification at Sr. No.1 "**Hydel Levies Tariff**" portion of tariff relating to Mangla Power Station by allowing Regular Water Usage Charges (WUC) @ Rs. 1.155/kWh as against the earlier determined rate of Rs. 0.15/kWh for payment of WUC to AJ&K and decision of NEPRA may please be passed on to Ministry of Water Resources for notification in the Official Gazette of Pakistan.

WUC/NHP Existing and Proposed Tariff

Name of Power Station	Province/ Territory	Capacity (MW)	WUC/NHP	
			Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)
Mangla Hydel Power Station	AJK	1,000	0.15	1.155


General Manager Finance (P)
WAPDA, Wapda House, Lhr.

Government of Pakistan
Ministry of Water Resources

No. 6(17)/2004-HP

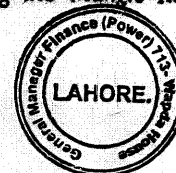
Islamabad, March 28, 2019.

Chairman WAPDA,
WAPDA House,
Lahore.

Subject:- **DECISIONS OF THE MEETING OF ECONOMIC COORDINATION COMMITTEE (ECC) OF THE CABINET**

I am directed to refer to Cabinet Division's letter No.F.1/11/2019-Com dated 25.03.2019 on the subject cited above which is self explanatory. The decision on Case No. ECC-76/11/2019 dated 20.03.2019 is reproduced as under as a ready reference:

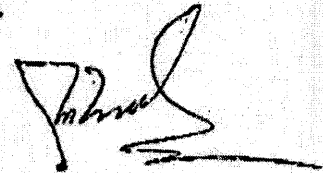
- (i) Water Use Charges (WUC) @ Rs. 1.10/kwh should be allowed on Mangle Hydropower Project prospectively as well as Neelum Jhelum Hydro Power Project, and any other future public sector hydro power project, to AJK at par with Net Hydel Profit (NHP) paid to the provinces. Any future revision in rate of NHP for provinces shall also apply WUC for AJK.
- (ii) Bulk power supply to AJK should be made from CPPA-G as is being done in case K-Electric as per tariff determination by NEPRA
- (iii) Ministry of Water Resources to issue necessary guidelines to NEPRA. WAPDA shall accordingly file tariff application to the Regulator. ECC to be briefed on the progress after 30 days.
- (iv) Power Division to facilitate AJK Government to establish a regular DISCO to streamline electricity distribution in the region after seeding license from NEPRA. Till such time Electricity Department of AJK may assume the functions of distribution company (DISCO) and adopt the average tariff of three DISCO i.e. Gujranwala Electricity Power Co. (GEPCO), Islamabad Electric Supply Co. (IESCO) and Peshawar Electric Supply Co. (PESCO) for all categories. ECC to be brief on progress after 30 days.
- (v) Federal Government's support on power cost differential of Rs. 2.59/kwh against GoP notified rate shall be eliminated and deficit grant to the Government of AJK shall be adjusted against the revenue from this source.
- (vi) Federal Government (Finance Division) shall continue to provide TDS subsidy support to the electricity consumers of AJK as per Government of Pakistan (GoP) policy after due verification of claims by the Power Division.
- (vii) WUC at the revised rate of Rs. @ 1.10/kwh shall be paid prospectively only, once the recovery through tariff begins, after tariff determination by NEPRA. This arrangement shall not have retrospective effect.
- (viii) WAPDA shall not seek any Federal Government support regarding payment of WUC to AJK.
- (ix) An agreement incorporating the above recommendation may be signed between the Government of AJK and other stakeholders of Government of Pakistan, amending the Mangle Raising Agreement of 2003 to extent of WUC and terms of power supply to AJK.



- (x) *The new pricing system for Water Use Charges (WUC) and consumer tariff as DISCO for AJK to be completed by 30th June 2019.*

2. WAPDA is therefore, requested to take immediate steps and necessary actions to comply with the decisions relating to WAPDA and furnish the compliance status to this Ministry within a week. Besides, in order to implement the decision of ECC noted at items (ix) and (iii) read with decision at item (i), above, necessary drafts may be prepared and shared with this Ministry.

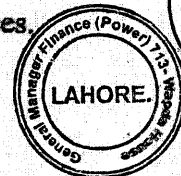
3. The provision of above requested information may please be taken up as on **TOP PRIORITY** enabling this Ministry to take further necessary action.



(Muhammad Zeeshan Ishaq)
Section Officer (HP)
051-9244923

Copy to:

- i. Secretary Cabinet Division, Islamabad
- ii. PS to Minister for Water Resources
- iii. PS to Secretary Ministry of Water Resources.
- iv. APS to Joint Secretary (Water), Ministry of Water Resources.





National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad

Phone: 9206500, Fax: 2600026

Website: www.nepra.org.pk, Email: info@nepra.org.pk

**OFFICE OF THE
REGISTRAR**

No: NEPRA/R/TRF-383/14/14



August 02, 2019

Mr. Naveed Asghar Ch.
General Manager Finance (P)
Pakistan Water and Power Development Authority (WAPDA)
713-WAPDA House, Lahore

G.M.F. (Power)
Diary No: 1306
Dated 5/8/19

Subject: Supplementary Tariff Petition for Enhancement of NHP/Water Usage Charges on Generation from Mangla Power Station

This is with reference to WAPDA's letter No. GMF/CPCC/4525/665-69 dated 28.06.2019 requesting therein the Authority to review its stance in respect of the subject petition as conveyed vide NEPRA's letter dated 19.06.2019.

2. The Authority has considered the request of WAPDA and noted that the Authority has earlier decided that there is no provision of filing a "Supplementary Tariff Petition" under NEPRA Tariff (Standards and Procedure) Rules, 1998. Therefore, the subject Supplementary Tariff Petition filed by WAPDA for Enhancement of NHP/Water Usage Charges on Generation from Mangla Power Station was considered as non-maintainable by the Authority. The decision has already been communicated to WAPDA vide NEPRA letter dated 19.06.2019.

3. In view thereof, the Authority did not accede to the request of WAPDA, submitted through a simple letter and upheld its earlier decision. WAPDA may file a tariff modification petition in the matter, if so desired.



G.M.F(P)

DGF(P)	
D.A.(Admn)	
M.F.(HQ)	
APS	
ADGF(HD)	
MF(Hydel)	
Dir:(CP)	
Dir:(Taxes)	
Dir:(WBC)	

(Iftikhar Ali Khan)
Director
Registrar Office



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad

Phone: 9206500, Fax: 2600026

Website: www.nepra.org.pk, Email: info@nepra.org.pk

OFFICE OF THE
REGISTRAR

No. NEPRA/R/TRF-383/20395

October 14, 2019

Mr. Muhammad Zeeshan Ishaq
Section Officer (HP)
Ministry of Water Resources
Islamabad

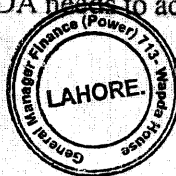
Subject: **Supplementary Tariff Petition for Enhancement of NHP/Water Usage Charges on Generation from Mangla Power Station.**

- Ref:
- WAPDA's letter no. GMF/CPCC/4525/567 dated 08.05.2019.
 - NEPRA's letter no. NEPRA/R/TRF-383/10516 dated 19.06.2019.
 - NEPRA's letter no. NEPRA/R/TRF-383/14114 dated 02.08.2019.

This is with reference to letter no. 6(17)/2004-HP dated 01.10.2019 of Ministry of Water Resources requesting therein to consider WAPDA's request for entertaining/processing its subject Supplementary Tariff Petition.

2. It is intimated that the Authority considered the Supplementary Tariff Petition filed by Pakistan Water and Development Authority (WAPDA) for enhancement of NHP/Water Usage Charges on generation from Mangla Power Station dated 08.05.2019 and rejected the same as there was no provision of filing a "Supplementary Tariff Petition" under NEPRA Tariff (Standards and Procedures) Rules, 1998. The Authority directed WAPDA to file a tariff modification petition in the matter, if so desire. The decision of the Authority was conveyed to WAPDA vide NEPRA's letter dated 19.06.2019. Subsequently, WAPDA, vide letter dated 28.06.2019 requested the Authority to favourably review its stance. The Authority considered the said request of WAPDA and while not acceding to the same, upheld its earlier decision which was conveyed to WAPDA vide NEPRA's letter dated 02.08.2019.

3. As such the matter has already been considered by the Authority twice and the supplementary Tariff Petition of WAPDA has already been rejected as non-maintainable, the case has already been disposed of and currently there is no Supplementary Tariff Petition of WAPDA lying pending in NEPRA. For desired enhancement of NHP/WUC on generation from Mangla Power Station, WAPDA needs to adopt the proper legal recourse as clearly advised vide NEPRA's above referred letter.



(Iftikhar Ali Khan)
Director
Registrar Office

Dated 17-10-2019

Member (Power)
WAPDA
No. 3443
Date 26-11-19



ANNEX - IV G.M.F. (Power)
Dis. No. 4929
Date 26/11/19

Chairman WAPDA
Diary No. 6422-T
Date 27-11-19

SUB: Revision of Water Usage Charge Tariff in respect of Mangla Power Station as per ECC's decision dated 20.03.2019 - Filing of Tariff Modification Petition

Pursuant to the decision of the Economic Coordination Committee (ECC) held in Case No. ECC 76/11/2019 dated 20-03-2019 regarding enhancement of rate of Water Usage Charges (WUC) for generation from Mangla Power Station at par with the provinces and MoWR's directive dated 28-03-2019 (F/A), a supplementary tariff petition was filed in NEPRA on 08.05.2019 with the Authority's approval dated 07-05-2019 (F/B). The requisite tariff petition was prepared and submitted on the lines of already set precedent of (supplementary tariff petition filed) NEPRA determination in respect of NHP arrears payable to GoKP.

In the instant case, however, despite appraisal of aforementioned precedent and recommendations communicated vide MoWR letters dated 08.07.2019 and 01.10.2019, NEPRA Authority rejected the supplementary tariff petition vide their letter No. NEPRA/R/TRF-383/14114 dated 02.08.2019 & No. NEPRA/R/TRF-383/2395 dated 14.10.2019 (F/C & F/D). and advised WAPDA to file a Tariff Modification Petition.

As per NEPRA's Tariff Standards and Procedures Regulation 2002, the tariff modification petition involves financial implication of Rs.1,808,240/- as NEPRA fee (F/E).

Therefore, in order to comply with the ECC's decision dated 20.03.2019 and instructions of NEPRA, the approval of WAPDA Authority is solicited to:

- Allow GM Finance (Power) to file tariff modification petition in NEPRA for revision of WUC rate along with approval of payment of NEPRA fee amounting Rs.1,808,240/- and;
- Authorize the following officers to submit and sign individually or jointly all the necessary documents in support of the above petition and also to appear before NEPRA as WAPDA representative.

- GM Finance (Power)
- GM (Hydel Operation)
- GM (C&M) Water
- DG Law

Naveed Asghar Ch.
(Naveed Asghar Ch.)
GM Finance (Power)

Member (Finance)

Member (Power)

Member (Water)

Chairman WAPDA

Member (Finance)

GMF(P)





OFFICE OF THE
REGISTRAR

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

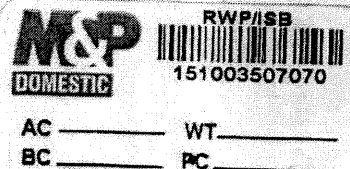
NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad

Phone: 9206500, Fax: 2600026

Website: www.nepra.org.pk, Email: info@nepra.org.pk

No. NEPRA/R/TRF-383/10516

Mr. Naveed Asghar Chaudhary
General Manager Finance (Power)
WAPDA
713-WAPDA House,
Lahore



June 19, 2019

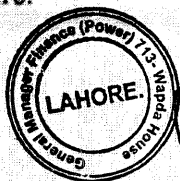
GMF (Power)
Diary No. 2002
Dated 20/6/19

Diary No. 1131
Dated 20/6/19
Corporate Planning & Control Cell
WAPDA House-Lahore

Subject: Supplementary Tariff Petition for Enhancement of NHP/Water Usage Charges on Generation from Mangla Power Station.

This is with reference to the subject Petition submitted by Pakistan Water and Power Development Authority (WAPDA) vide letter no. GMF/CPCC/4525/567 dated 08.05.2019.

2. The Authority has considered the matter and noted that there is no provision of filing a "Supplementary Tariff Petition" under NEPRA Tariff (Standards and Procedures) Rules, 1998. In view thereof, the Authority rejected the subject Supplementary Tariff Petition filed by Pakistan Water and Development Authority (WAPDA) for Enhancement of NHP/Water Usage Charges on Generation from Mangla Power Station as non-maintainable. WAPDA may file a tariff modification petition in the matter, if so desire.



(Iftikhar Ali Khan)
Director
Registrar Office

G.M.F(P)	
DGF(P)	
D.A.(Admin)	
M.F.(HQ)	
APS	
ADGF(HD)	
MF(Hydel)	
Dir.(CP)	
Dir.(Taxes)	
Dir.(WBC)	

DDGP

Pls put up as discussed.

25/6



PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY

Telephone # : 99202522

99202211/ 2713

Fax : 99202005

No.GMF/CPCC/4525/ 665-69

General Manager Finance (P)
WAPDA, 713 - WAPDA House
Lahore

Dated: 28/06/2019

The Registrar, NEPRA
NEPRA Tower,
Ataturk Avenue (East)
G-5/1, IslamabadSubject: **SUPPLEMENTARY TARIFF PETITION FOR ENHANCEMENT OF NHP/WATER
USAGE CHARGES ON GENERATION FROM MANGLA POWER STATION**

Kindly refer to your office letter No. NEPRA/R/TRF-383/2376 dated 19-06-2019 vide which it has been advised to submit tariff modification petition instead of supplementary tariff petition for revision of tariff of WUC for Mangla Power Station.

In this regard, it is apprised that we earnestly respect the above view point of NEPRA Authority, however, the following submissions are made for your kind consideration:

1. The subject case/ petition was exclusively filed as per the decision of ECC for revision of rate Hydel Related Charges i.e. Water Usage Charges (WUC) payable to AJ&K on generation from Mangla Power Station at par with the regular NHP rate for provinces and does not involve any modification/ increase in the components of WAPDA Annual Revenue Requirement determined by NEPRA. As such WAPDA is not the beneficiary of revision/ modification in Water Usage Charges payable to AJK.
2. It is pertinent to mention that revision in rate of WUC payable to AJK on generation from Mangla HPS was also proposed/ requested in the Tariff Petition filed by WAPDA hydroelectric for Determination of Tariff for FY 2017-18. However, NEPRA Authority at para-134 of its Tariff Determination of WAPDA Hydroelectric for FY 2017-18 dated 22-11-2017 disallowed the proposed increase stating that NEPRA can't unilaterally revise the rate of WUC payable to AJK in the absence of clear decision of the competent forum.
3. Subsequently, the Economic Coordination Committee (ECC) in case No.ECC 76/11/2019 dated 20-03-2019 (copy enclosed) has accorded approval for payment of WUC on generation from Mangla Power Station to AJK at par with the provinces and directed WAPDA to file tariff petition to ensure implementation of ECC Decision by 30.06.2019.
4. In compliance subject Petition was filed by WAPDA on the analogy of the Supplementary Tariff Petition submitted earlier vide letter No.GMF/CPCC/4525/552 dated 20-04-2016 regarding recovery of Hydel Related Charges i.e. arrears of NHP payable to GoKP, which was duly admitted and processed by NEPRA and approved/ determined vide No. NEPRA/TRF-357/WAPDA dated 25-05-2016 (copy enclosed).

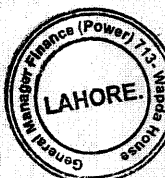
Foregoing in view, NEPRA Authority is requested to favorably review its stance and admit the supplementary tariff petition filed by WAPDA for revision in rate of Hydel Related Charges i.e. Water Usage Charges (WUC) payable to AJ&K on generation from Mangla Power Station for implementation of ECC decision.

(Naveed Asghar Ch)

General Manager Finance (P)

CC:

1. Section Officer (HP) /APS to Joint Secretary, MoWR, Islamabad.
2. GM (C&M) Water, 521 WAPDA House, Lahore.
3. SO to Chairman WAPDA, 701 WAPDA House, Lahore
4. SO to Member (Finance), 705 WAPDA House, Lahore.



Government of Pakistan
Ministry of Water Resources

G.M.F. (Power)
Diary No: 35/6
Dated 11/10/19

No. 6(17)/2004-HP

Islamabad, October 01, 2019

OFFICE MEMORANDUM

Subject:- SUPPLEMENTARY TARIFF PETITION - WATER USE CHARGES AJK DECISIONS OF THE MEETING OF ECC OF THE CABINET

Ref:

- i. Ministry of Water Resources letters of even No. dated 29.03.2019 and 08.07.2019.
- ii. WAPDA's letter No. GMFP /CPC /4525/124-25 dated 16.09.2019.
- iii. Meeting held on 26.07.2019 regarding compliance of decisions of the ECC of the Cabinet – Water Use Charges to AJK, chaired by Secretary Power Division.

The undersigned is directed to refer to above mentioned letters and the meeting regarding Water Use Charges to AJK and to state that WAPDA has filed Supplementary Tariff Petition to NEPRA for enhancement of regular NHP/WUC payable to AJ&K from Mangla Power Station. However, NEPRA has turned down the same vide its letter dated 19.06.2019 & 02.08.2019 and desired WAPDA to file a Tariff Modification Petition.

2. WAPDA has highlighted vide above referred letter, that the filing of Tariff Modification Petition involves payment of fee amounting to Rs. 1,776,880. WAPDA has no reason to bear this cost / payment of fee for filing tariff modification petition, as it does not involve any modification/increase in the components of Annual Revenue Requirements of WAPDA Hydroelectric.

3. Keeping in view above, as discussed in the above referred meeting and in order to implement ECC's decision on Water Use Charges to AJ&K, NEPRA is once again requested to look into the matter and may like to consider WAPDA's request for entertaining/processing the Supplementary Tariff Petition dated 08.05.2019, on the same analogy of Supplementary Tariff Petition dated 20.04.2016 duly admitted/determined by NEPRA on 25.05.2016.

(Muhammad Zeeshan Ishaq)
Section Officer (HP)
051-9244923

Chairman NEPRA
Government of Pakistan,
Islamabad

Copy to:

- Secretary, Power Division, Islamabad.
- Chairman WAPDA, WAPDA House, Lahore.
- PS to Secretary, Ministry of Water Resources, Islamabad.
- APS to Joint Secretary (Water), Ministry of Water Resources, Islamabad

