

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

PETITION FOR TARIFF MODIFICATION

PURSUANT TO SECTION 31 OF REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION
OF ELECTRIC POWER ACT, 1997

READ WITH RULE 3 OF
NEPRA (TARIFF STANDARD AND PROCEDURE) RULES, 1998

BY

PUNJAB POWER DEVELOPMENT COMPANY LIMITED
FOR ITS

DEG-OUTFALL HYDROPOWER PROJECT

A HYDRO POWER PROJECT OF 4.04 MW

AT

UPPER CHENAB CANAL, SHEIKHUPURA

DATED: March 24, 2021

PUNJAB POWER DEVELOPMENT COMPANY LIMITED

ADDRESS: 3RD FLOOR, MEGA TOWER, MAIN BOULEVARD, LAHORE, PAKISTAN.

PHONE #: +92 42 99332153-56

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COPY OF BOARD RESOLUTION



No. PPDCL/ 610 /2021

PUNJAB POWER DEVELOPMENT COMPANY LTD

3rd Floor, Mega Tower, Main Boulevard, Gulberg II, Lahore

Phone: 042-99332153-56 Fax: 042-99332157

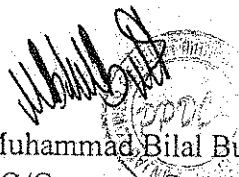
Dated: 24 / 3 /2021

The Registrar
National Electric Power Regulatory Authority
NEPRA Towers, Ataturk Avenue
G-5/1, Islamabad

Subject: RESOLUTION OF BOD

The Punjab Power Development Company Ltd. ("PPDCL" or the "Company") has been established under the aegis of Government of the Punjab, Energy Department, in pursuance of Section 32 of the Companies Ordinance 1984. The Board of Directors of PPDCL during its 56th Meeting held on 30th December, 2020 resolved that the Company is hereby authorized to file tariff modification petition (including any review petitions and any motion for leave for review) for submission to National Electric Power Regulatory Authority ("NEPRA") for determination and in relation thereto, enter into and execute all required documents, make all filings and pay all applicable fees, in each case, of any nature whatsoever, as required."

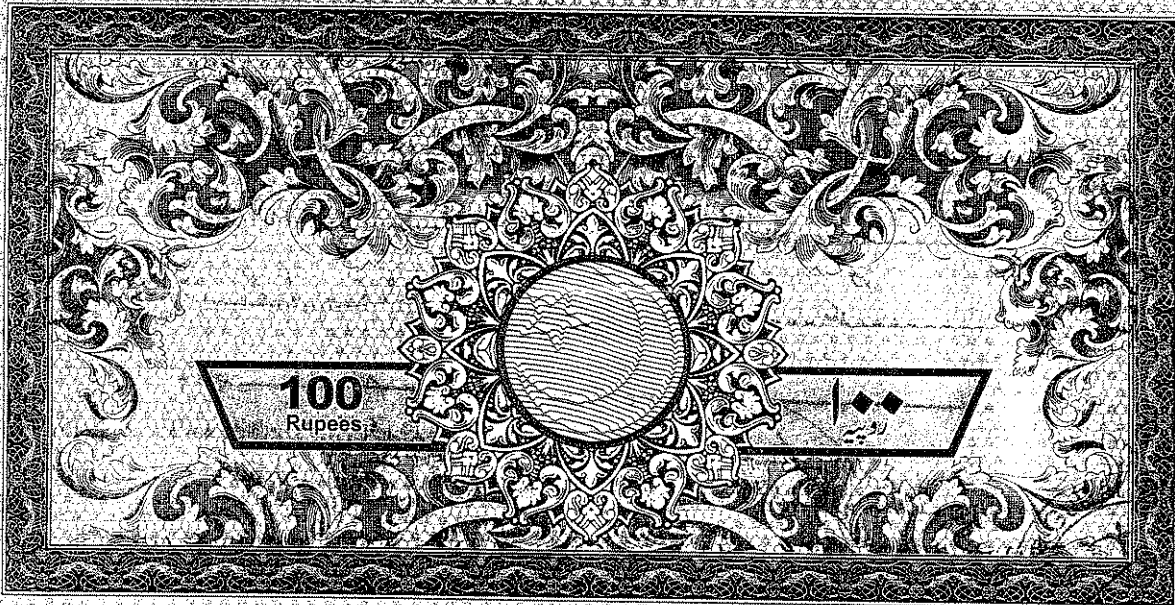
"FURTHER RESOLVED THAT in respect of filing the said modification petition for 5.38 MW Chianwali Hydropower Project and 4.04 MW Deg Outfall Hydropower Project, under Regulation of the NEPRA Tariff Standards and Procedure Rule, 1998 (the Regulations), to the Authority, MR. MUHAMMAD BILAL BUTT, CHIEF FINANCIAL OFFICER / COMPANY SECRETARY of the Company is hereby singly empowered and authorized for and on behalf of the Company.


(Muhammad Bilal Butt)
CFO/Company Secretary

CC:

1. Master File

COPY OF AFFIDAVIT



BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

AFFIDAVIT

AFFIDAVIT of Muhammad Bilal Butt, Authorized Representative of Punjab Power Development Company Limited ("PPDCL" or the "Company"), 3rd floor, Mega Tower, Main Boulevard, Lahore, Pakistan

I, the above named Deponent, do hereby solemnly affirm and declare that:-

1. I am the authorized representative Muhammad Bilal Butt, 3rd floor, Mega Tower, Main Boulevard, Lahore, Pakistan, holding CNIC No. 35202-2769673-5.
2. The contents of the accompanying application/petition of 4.04 MW Deg-Outfall hydropower project for modification, by the full strength of the Authority under Section 31 of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, read with Rule 3(1) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 including all supporting documents are true and correct to the best of my knowledge and belief, and nothing material or relevant thereto has been concealed or withheld therefrom.
3. I also affirm that all further documentation and information to be provided by the Company in connection with the aforesaid application/petition for modification shall be true and correct to the best of my knowledge and belief.

Deponent

VERIFICATION

It is hereby verified on solemn affirmation at Lahore, Pakistan, 19 March 2021 that the contents of the above Affidavit are true and correct to the best of my knowledge and belief and that nothing material or relevant thereto has been concealed or withheld therefrom.

Deponent

National Electric Power Regulatory Authority
 3rd Floor, Mega Tower, Main Boulevard, Lahore

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1. DETAILS OF THE PETITIONER AND TARIFF MODIFICATION

NAME AND ADDRESS

PUNJAB POWER DEVELOPMENT COMPANY LIMITED

Address: 3rd Floor, Mega Tower, Main Boulevard, Lahore, Pakistan.

Phone #: +92 42 99332153-56

Fax #: +92 42 99332157

REPRESENTATIVES OF PUNJAB POWER DEVELOPMENT COMPANY LIMITED

MR. [---]

[DESIGNATION]

2. TARIFF MODIFICATION

Punjab Power Development Company Limited (hereinafter referred to as the “**Company**”, or “**PPDCL**” or the “**Petitioner**”), is a fully owned company of the Government of Punjab. PPDCL is responsible for operations and maintenance, while Punjab Power Management Unit (PPMU) is responsible for construction and commissioning, of 4.04 MW Deg-Outfall Hydropower Project (the “**Project**”) located at Upper Chenab Canal, Sheikhpura, Punjab.

This Modification Petition is being instituted under Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, read with Rule 3 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 and all applicable provisions of other NEPRA laws for the modification Petition on the Authority’s Decision Dated 5th May 2016 (Ref No. # NEPRA/TRF-298/PPDCL-2015/6153-6155).



3. THE PROJECT

3.1 Background and Introduction

The Government of Punjab ("GoPb"), Pakistan implemented the "Renewable Energy Development Sector Investment Program ("REDSIP")", with the assistance of Asian Development Bank ("ADB"), which includes the construction of five small to medium hydropower stations in the Punjab province.

4.04 MW Deg-Outfall HPP located at Upper Chenab Canal, Sheikhpura is one the Projects which were initiated by PPDCL under REDSIP, funded by ADB.

PPDCL hereby requests National Electric Power Regulatory Authority ("NEPRA" or the "Authority") to consider Company's Tariff Modification Petition on the tariff decision announced by the Authority vide its Case No. NEPRA/TRF-298/PPDCL-2015 dated 5th May 2016, Ref No. # NEPRA/TRF-298/PPDCL-2015/6153-6155 (**Determination of the Authority in the matter of Tariff Petition filed by Punjab Power Development Company Limited for its Deg-Outfall Hydropower Project**), hereinafter referred to as the "Tariff Determination" or "Order".

3.2 Basis for Modification Petition

In EPC stage tariff petition PPDCL requested the Authority to allow Pre-COD sale of electricity however, the Order issued by the Authority did not address this request of the Petitioner. PPDCL submitted clarification request to the Authority vide letter no. PPDCL/526/2021 dated 10th February 2021 (**Annexure A**) requesting the Authority to clarify the position of the Order with respect to sale of electricity prior to COD. PPDCL is filing this Modification Petition (hereinafter referred as "**Modification Petition**") to request the Authority to allow pre-COD sale of electricity to the Project.



4. GROUNDS FOR MODIFICATION PETITION FOR ALLOWING PRE-COD SALE OF ELECTRICITY

(a) Status of the Project

Key milestones

- The Project was awarded with EPC stage Tariff Determination by NEPRA on 5th May 2016.
- LESCO has been requested for the procurement and installation of metering panels.
- Grid interconnection is 60% complete.

In view of the current progress, the Project is expected to commence operations by 30th June 2021. During the commissioning, testing phase and thereafter till execution of Energy Purchase Agreement, the Project will be able to provide electricity to the national grid through DISCO (LESCO).

(b) Status of Energy Purchase Agreement ("EPA")

PPDCL held meeting with CPPA-G management in connection with signing of Energy Purchase Agreement ("EPA") on 15th November 2019 for the Project and had detailed discussion on construction schedules and status of the Project.

Commissioned projects (Pakpattan HPP and Marala HPP) of the PPDCL were also discussed, PPDCL requested CPPA-G to allow similar treatment to Deg-Outfall Project as allowed to other REDSIP projects of GoPb & GoKPK, i.e. evacuation of power to national grid through DISCOs (minutes of meeting is attached as **Annexure B**).

CPPA-G's Board of Directors meeting was held on 19th March 2020 and decided that CPPA-G to request Ministry of Energy ("MoE") to direct concerned DISCO to sign EPA with the Project. Subsequently, CPPA-G vide its letter dated 7th April 2020 requested MoE Power Division to direct LESCO to sign EPA with the Project. Relevant extract of the request is reproduced below;

"(b) to sign Energy Purchase Agreement for 4.04 MW Deg-Outfall Hydropower similar to the REDSIP project of KPK Government....."

Reminder of the request was also sent by CPPA-G to MoE, CPPA-G's letters to MoE are attached as **Annexure C**.

On 3rd November 2020, CPPA-G requested LESCO to sign EPA with the Project letter is attached as **Annexure D**, however, the request was refused on the basis that LESCO needed the requisite authorizations and approvals to negotiate and sign the EPA.

On 22nd February 2021 vide letter No. PPDCL/549/2021, PPDCL directly requested LESCO for signing of agreement for Pre-COD sale of electricity (**Annexure E**), however, no response has been received.

(c) Pre-COD Sale of Electricity

In view of the above, the Project is not able to declare Commercial Operations Date ("COD") (scheduled in June 2021) until execution of Energy Purchase Agreement (EPA).

The Petitioner is to highlight that no provision for pre-COD sale of electricity has been provided in the Tariff Determination of the Project, due to which during and after completion of testing phase, the Project will not be able to despatch electricity to national grid. The Authority in case of upfront tariff & cost-plus tariff for small hydel projects allowed Pre-COD sale of electricity at the applicable tariff excluding principal repayment of debt component and interest component. Furthermore, Pre-COD sale of electricity is also allowed to similar hydropower projects developed by PPDCL under REDSIP.

(d) Precedents

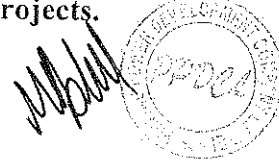
1. In para 26 of NERPA's determination in the matter of Upfront Tariff for Small Hydro Power Generation Projects up to 25 MW Installed Capacity, Ref# NEPRA/UTH-01/4744-4746 dated 2nd April, 2015, the Authority allowed Pre-COD sale of Electricity. The relevant extract of para 26 is reproduced below;

"The Authority, in comparable upfront tariffs has allowed pre-COD sale of electricity to the power producers. Accordingly, the Authority has decided to allow pre COD sale of electricity to the power producers in this upfront tariff, subject to the terms and conditions of PPA, at the applicable tariff excluding principal repayment of debt component and interest component. However, Pre-COD sale will not alter the required commercial operations date stipulated by the PPA in any manner."

2. In para 6 NERPA's decision on the motion for leave for review filed by PPDCL for its 2.82 MW Pak-Pattan Hydropower Project, Ref # NEPRA/TRF-259/PPDCL-2014/1930-1932 dated 8th February, 2016, the Authority allowed Pre-COD sale of Electricity. The relevant extract of Para 6 is reproduced below for the Authority's kind consideration;

"..... the Authority has noted that the construction of inter-connection and related works is the responsibility of the power purchaser, i.e., CPPA-G/ DISCO, and the power dispersal facility should be ready before COD of the project; otherwise, penalty, if any, may be imposed on the power purchaser as per the standard terms of PPA/EPA. Further, the Authority hereby directs that the initial expenditure incurred by the power producer, if any, in this regard may be reimbursed by the power purchaser as per the terms agreeable to the power producer Moreover, Pre-COD sale of electricity is hereby allowed at the applicable tariff minus the repayment of debt and interest component, as allowed in the Upfront Tariff determinations of the Authority."

PPDCL is a public entity responsible for operations and maintenance of REDSIP hydropower projects (Punjab), funded by ADB. In the absence of provision for pre-COD sale in the tariff determination, the Project will not be able to evacuate power to national grid after completion, which will result in loss to public funds. It is therefore humbly requested to consider and approve Petitioner's request to allow Pre-COD sale of electricity in its revised order, as allowed to similar projects.

A handwritten signature in dark ink is written over a circular official stamp. The stamp contains the text "PPDCL" in the center and "PUNJAB POWER DEVELOPMENT CORPORATION LIMITED" around the perimeter.

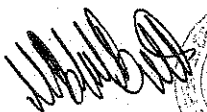
PRAYER

In light of the foregoing, it is respectfully prayed that the Order and Tariff Determination may be reviewed and modified in a manner to allow Pre COD sale of electricity at the applicable tariff minus repayment of the debt and interest component of tariff (i.e. PKR 5.8701/kWh) till execution of EPA. The requested modified determination/order has no implication on the tariff rate already determined by the Authority.

Any other relief that the Petitioner may be entitled to be allowed in the interest of justice.

PPDCL further reserves its right to adduce further and additional information.

For and on behalf of
PUNJAB POWER DEVELOPMENT COMPANY LIMITED


Mr. Muhammad Bilal Butt
Chief Financial Officer / Company Secretary

Dated: 24 March, 2021