

ISLAMABAD, June 6: A day after the swearing-in of Nawaz Sharif as prime minister, the National Electric Power Regulatory Authority (Nepra) announced on Thursday an upfront tariff of 9.65 cents per unit for large coal-based projects for 30 years to encourage investment in power generation.

The announcement came on the day the new prime minister presided over his first official meeting on the energy sector in Lahore to finalise his 100-day plan to take steps for economic revival and address the energy crisis through demand side management and induction of coal and bagasse-based generation capacity into the system.

In Islamabad, Nepra announced upfront tariff for three capacities of coal power projects based both on imported and domestic coal.

It said the tariff for small coal-based projects of up to 50MW would be announced later.

Under the Nepra decision, the projects of up to 200MW capacity on imported fuel would be offered an upfront tariff of 8.275 cents if established through foreign financing and 9.604 cents per unit if based on domestic financing. The projects of the same capacity to be based on local coal will be offered a level tariff of 8.293 cents per unit if set up through foreign funding and 9.65 cents for local financing.

For projects of 600MW, the tariff for imported coal has been set at 7.78 cents per unit on foreign financing and 9.155 cents on local financing. If based on domestic coal, the foreign funded projects will be given a tariff of 7.79 cents and locally funded 9.2 cents.

The projects of 1,000MW capacity based on imported coal will be entitled to an upfront 30-year levelised tariff of 7.49 cents per unit for foreign funding and 8.74 cents for local funding. The foreign funded projects using domestic coal will be offered 7.49 cents and local funded 8.75 cents per unit tariff.

Nepra said the upfront tariff would be available till June 30, 2019, and remain applicable for the projects for 30 years.

The tariff is on the higher side when compared with an indicative levelised 30-year upfront tariff announced by Nepra in 2008 of 7.8 cents per unit.

Last week, the authority announced a tariff of 10.62 cents per unit for bagasse based projects for 30 years to encourage sugar mills to bring into use about 1,500MW of generation capacity.

Nepra said the mills would be allowed an upfront tariff of 11.98 cents for the first 10 years and 8.08 cents for the following 20 years. The levelised tariff is equal to about Rs10.40 per unit.

The regulator had been informed that sugar mills had a short cycle of 120-150 days because of seasonal capacity, except for one mills out of 86 that would provide electricity for up to nine months.

Courtesy: Dawn