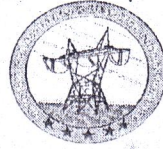


# NATIONAL TRANSMISSION & DESPATCH COMPANY LIMITED

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Office of the  
Chief Operating Officer (CPPA)  
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Lahore

No. COO/CPPA/CE-II/MT-IV/NBT/10480-81

Dated: 02/12/2011

Mr. Arif Alauddin  
Chief Executive Officer  
Alternative Energy Development Board (AEDB)  
House No. 3, Street No. 8,  
F-8/3, Islamabad.

Subject: Standard EPA (Upfront Tariff) – Revised List of Issues

- Ref: (i) M/s NBT letter dated 21<sup>st</sup> November 2011 (copy enclosed).  
(ii) Meeting held on 17<sup>th</sup> November and 29-30 November 2011 with M/s NBT, CPPA and AEDB.  
(iii) M/s NBT letter dated 30<sup>th</sup> November, 2011 (copy enclosed).

The potential wind power sponsor, M/s NBT have raised different commercial issues (Purchaser's risk, calculation of lost production, carrying cost, revenue postponement and payment security) during the meetings as well as through letters, as referred above. In the opinion of CPPA, M/s NBT by highlighting these aspects, have challenged the basic assumptions of the Energy Purchase Agreement (EPA) developed and finalized jointly by AEDB and CPPA (NTDC) keeping in view the spirit and assumptions of the upfront tariff for Wind Power Projects determined by NEPRA on October 6, 2011.

All the components of upfront tariff, and its underlying terms and conditions have been considered by NEPRA in **totality**. Consequently, upfront tariff approved by NEPRA offers highly lucrative structure in comparison to cost plus regime besides elimination of various time consuming formalities of the old regime.

It is also important to note that in pursuant to the clause 8 part (iv) of Upfront Tariff Determination by NEPRA dated 06.10.2011, a potential sponsor is required to file an application before the Authority to opt for an upfront tariff including any revision. The terms and conditions of upfront tariff determined/approved by the Authority shall form part of the upfront tariff and once accepted shall not be subject to modification or adjustment except for the adjustments/indexations allowed at the time of approval of the application.

In view of the above and because the issues raised by M/s NBT will have cost implications with upward impact on the upfront tariff granted by NEPRA, the views, comments and advice of the AEDB on the revised list of issues is solicited immediately to proceed further.

Best regards

DA/As above

( ARSHAD RAZA )  
Chief Operating Officer (CPPA)

CC:

Malik Shahid Ahmed Khan, CEO, NBT Wind Power Pakistan (Pvt.) Ltd. D-94,  
B-Street, 5<sup>th</sup> Avenue, Block 5, Clifton, Karachi.