

155. In accordance with Regulation-10 of the Licensing Regulations, LEPCL has communicated an LPM in its Generation Licence. Accordingly, a draft COR in the matter is forwarded for your comments/input, please.

(Engr. Imtiaz Hussain Baloch)
DG (Licensing)
December 08, 2021

1065/1087
8-12-21
17-12-21

~~ADG (Tariff)~~

15/12/21

~~Int (F/A)~~

all comments are attached on the next page.

~~ADG (T)~~

16/12/21

15/12/21

7329
8-12-21

~~DG (LICENSING)~~

For your comments/observation pl

~~Consultant (RE/Technical)~~

17/12/21

~~DDC (Thermal)~~

comments attached at (F/A) please.

~~Consultant (Tech/RE)~~

30/12/2021

30/12/2021

1177
30-12-2021

~~DG (Licensing)~~

158 Reference is made to Para (v) of the COR, our comments are as under:

- i. Anticipated increase in efficiency will be beneficial for the consumers. Heat Rate/efficiency of the Lucky Electric Power Company Limited (LEPCL) Plant is subject to test at the time of COD and in case the actual efficiency is established >39%, the benefit of higher efficiency shall be shared between the power purchaser and Power Producer in the ratio of 70:30 for 1st 0.5%, 50:50 for next 0.5%, 30:70 for next 0.5% and thereafter 100% to the power producer (copy attached).
- ii. As Per Section 5.14 of the PPA (copy attached), LEPCL is entitled to procure imported coal in case of non-availability of the coal, however, this arrangement should be subordinate to the original arrangement from Thar coal.



Weighting Factors applicable in the immediately following Year, provided, however, where the Power Purchaser does not designate the Maintenance Months, the Non-Maintenance Months, or the Period Weighting Factors, as the case may be, the then most recent designation shall remain in effect; provided, further, that the weighted average of the Period Weighting Factors shall always be equal to one (1) no Period Weighting Factor for any hour shall exceed two and one-half (2.5), and there shall be no more than three (3) periods in any Day and no more than five (5) periods in any two (2) consecutive Days provided however that during the loan repayment period the Period Weighting Factor shall remain one (1) and the Power Purchaser shall not change the Period Weighting Factor without the GOP's written approval during the loan repayment period.

Section 5.14 Adequate Coal Supply and Coal Inventory; Coal Supply Agreements.

- (a) On or before the Effective Date, the Company shall provide reasonable evidence to the Power Purchaser that the Company has entered into arrangements with reliable coal suppliers through one or more commercially reasonable Coal Supply Agreements, which agreements shall have been consented to by the Power Purchaser in accordance with Section 5.11(b), for supplies of coal and the capacity to transport, receive, process, store, and handle such Coal for use as fuel at the Complex in such quantities and at such rates of delivery to allow the Company to generate Net Electrical Output at the Contract Capacity during the Term as is contemplated in this Agreement; provided, that the Company shall be permitted to procure a quantity of coal not greater than thirty percent (30%) of its annual coal requirements through spot market purchases if not available under its Coal Supply Agreement, provided however, in the event the Company requires additional quantities of coal through the spot market due to issues with the supply of coal from the mine mouth, the Company may procure additional coal from the spot market with the prior written consent of the Power Purchaser. In the event the Power Purchaser objects to such additional procurement, the Power Purchaser shall object within fifteen (15) Business Days, in the absence of such objection within fifteen (15) Business Days, the Power Purchaser shall be deemed to have consented to such additional procurement. In case of unavailability of Coal from Thar Block II (Phase-III), under the Coal Supply Agreement, the Company may, for the purposes of Commissioning and operations of the Complex, enter into one or more commercially reasonable Coal Supply Agreements and generate electricity using any local or imported Coal suitable for the Complex until such time the Coal Supplier achieves Phase III COD of Thar Block II. In the event of a prolonged interruption (confirmed in writing by SECMCO under or early termination, of the Coal Supply Agreement, the Company, in addition to the option of procuring Coal from the spot market, may procure supplies of local or imported Coal through one (1) or more Coal Supply Agreements, in case of imported Coal, with reputable Coal Suppliers. In case the Company enters into a new / alternative Coal Supply Agreement, the Parties will agree on which provisions (with appropriate amendments) of the power purchase agreements entered into between the Power Purchaser and other coal projects are to be incorporated into this Agreement.
- (b) Notwithstanding anything contained under Section 5.11(a), prior to entering into any Coal Supply Agreement (including any material amendments thereto)

the Company shall provide to the Power Purchaser the draft Coal Supply Agreement and the Power Purchaser shall then have the right, but not the obligation, to review the draft agreement and provide its no objection in relation to the same. If the Power Purchaser does not object on or before the end of the fifteen (15) Business Days period following the delivery to the Power Purchaser of the draft agreement, the Power Purchaser shall be deemed to have not objected to the Coal Supply Agreement. On or before the Effective Date, the Company shall provide reasonable evidence to the Power Purchaser that the Company has, or has made arrangements with a reliable HSD/liquid fuel supplier and a transporter through the spot market with the capacity to receive, process, store, and handle such liquid fuel in such quantities and at such rates as are required for the Company to Start-Up the Complex. From the date that is not later than seven (7) Days prior to the Scheduled Commercial Operations Date and thereafter during the Term, the Company shall maintain on Site an inventory of Coal that is not less than the quantity of Coal required for operation of the Complex at full load for a period of thirty (30) Days, provided that for the purposes of this Section 5.14, all firm orders placed with the Coal Supplier against advance payments shall be deemed to be included in the Coal inventory on the Site. Notwithstanding the foregoing, the Company shall not be in breach of its obligation to maintain the required minimum coal inventory under this Section 5.14(b) if and to the extent that, despite the Company's reasonable efforts to procure timely deliveries of additional quantities of Coal, the quantity of Despatched and Delivered Net Electrical Output exceeds by five percent (5%) or more the quarterly estimate of the Power Purchaser's requirements of Net Electrical Output for the relevant ninety (90) Day period provided pursuant to Section 5.2 or Coal of the required quality and in sufficient quantities is not available when required by the Company and when attempts to procure such quantities of Coal are made by or on behalf of the Company.

(e) The Company shall furnish a duly verified and certified Monthly Coal usage and Coal procurement statement to the Power Purchaser for each such Month, along with the Monthly invoice for Energy Payments. The statement shall include the following information, all in reasonable detail, and such other information as the Power Purchaser may reasonably request:

- (i) Quantity of coal (tons) consumed and procured from each source along with heating value during the month for power generation purposes;
- (ii) Cumulative quantity (tons) of coal consumed and procured till the end of that month during the year source wise;
- (iii) Actual (gross and net) energy generation (denominated in units) during the month;
- (iv) Cumulative actual (gross and net) energy generation (denominated in units) until the end of that month during the year;
- (v) Calorific value of the coal consumed;
- (vi) Receipt of fuel quantity (tons) at the power plant site; and
- (vii) Closing fuel stock quantity (tons) for available at the power plant site.



sharing mechanism will be applicable only in case the efficiency, approved by the Authority for different capacities is established higher as a result of heat rate tests carried out at the time of COD.

Efficiency net (LHV) achieved At COD	Sharing Ratio Power Purchaser : Sponsor
39% (min)	100% : 0%
39.01% - 39.50%	70% : 30%
39.51% - 40.00%	50% : 50%
40.01% - 40.50%	30% : 70%
>40.5%	0% : 100%

xiv) Price of Coal

(1) The following reference coal price has been used for determining the upfront tariff;

Imported coal (sub-bituminous)

Richard Bay (South Africa)-FOB	40%	US\$93.40/M.Ton
Newcastle -Australia FOB	20%	US\$89.00/M.Ton
Newcastle -Indonesia-FOB	40%	US\$87.55/M.Ton
Marine Freight		US\$20.00/M.Ton
Marine Insurance		0.10% of FOB price
Other Costs		10% of FOB price
Weighted Average CIF Price		US\$119.60/M.Ton
Cost of common Jetty facility		US\$ 9.46/M.Ton
Total Imported Coal Price		US\$129.06/M.Ton

Note: The above figures will be replaced with the actual numbers to arrive at actual fuel cost component. Since the project is based on dedicated jetty, the cost of common jetty facility shall be excluded from the price of coal and the cost of dedicated jetty will be added to the respective components of tariff at the time of COD.

Local Coal (sub-bituminous)

(1) 22,046 BTU / 25,555.98 BTU *US\$119.60/M.Ton) US\$103.17/M.Ton



National Electric Power Regulatory Authority
Technical Department

December 29, 2021

Subject: -LICENSEE PROPOSED MODIFICATION (LPM) IN THE GENERATION LICENCE OF LUCKY ELECTRIC POWER COMPANY LIMITED (LEPCL)

This is with reference to note moved by Licensing Department soliciting comments of Technical Department on the subject matter.

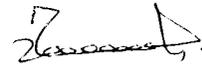
2. It has been observed that in the Text of Proposed Modification LEPCL has proposed following modifications in its Generation Licence:-

- a). Change of Technology from Super Critical (SC) to Ultra Super Critical (USC).
- b). Addition of Imported Coal as primary fuel in addition Thar Coal.
- c). Change of COD from June 30, 2021 to 3rd quarter of 2021.

3. In this regard, the comments of ^{Technical} Licensing Department are as under:-

- a). Change of Technology from SC to US will result in the better efficiency and less emissions. Which will be beneficial for the consumers and the environment. Consumers will benefit from the increased efficiency through sharing mechanism incorporated in the Generation Tariff of LEPCL. Moreover, it is considered that since LEPCL has opted for Upfront Tariff therefore LEPCL will not claim any additional cost due to change of Technology from SC to USC. Foregoing in view, Technical Department is of the view that the Authority may approve the proposal of LEPCL for change of Technology from SC to USC.
- b). Regarding use of Imported Coal in addition to Thar Coal, it is submitted that PPA of LEPCL envisages that in case of non-availability of Thar Coal it can procure Imported Coal for commissioning and operations of the plant. In view thereof, the Technical Department is of the view that the Authority may allow the use of Imported Coal to LEPCL as primary fuel in addition to Thar Coal but the same should be restricted strictly to the extent of non-availability of Thar Coal.

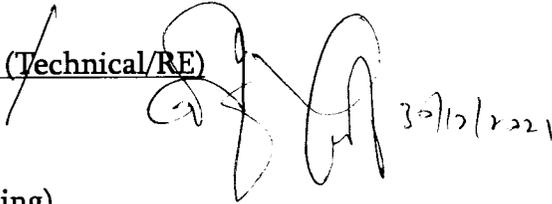
- c). About the proposal of LEPCL to change the COD of the project from June 30, 2021 to 3rd quarter of 2021, it is highlighted that CPPA-G in its comments regarding COD has referred to the decision of CCOE dated February 15, 2018. Further, it has been stated at Para-E(t) of the COR that the anticipated COD of the project was delayed due to non-provision of Interconnection Facility and through its latest communication LEPCL has communicated the anticipated COD as December 31, 2021 and PPIB has also confirmed the same. The Technical Department of the view that comments of CPPA-G regarding COD of the project mentioned at Para-D(i)(b) of the COR are very vital and relevant. Therefore, the Authority may consider the same. Furthermore, it must be ensured that no negative financial impact caused due to the delay in COD of the project should be passed on to consumers.



(M. Zeeshan Ghias)

Deputy Director (Technical)

Consultant (Technical/RE)



DG (Licensing)