



No. PPDCL/ 357 / 2026

**PUNJAB POWER DEVELOPMENT COMPANY
LIMITED**Government of the Punjab, Energy Department
2-A Zafar Ali Road Gulberg-V, Lahore

Dated: 24 / August/ 2026

The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Ataturk Avenue (East), G-5/1,
Islamabad**Subject: APPLICATION FOR TARIFF MODIFICATION OF 2.82 MW PAKPATTAN
HYDROPOWER PLANT (PHP) OF PPDCL**

The Punjab Power Development Company Limited (PPDCL), through its letter No. PPDCL/690/2025 dated 25.06.2025 has submitted an application for modification of Reference Tariff of 2.82 MW Pakpattan Hydropower Plant (PHP), which is still pending for decision of the Authority.

Meanwhile as proposed by the National Task Force (NTF), a memorandum of understanding (MOU) has been signed by PPDCL with MEPCO (Power Purchaser) dated 19.08.2026 (**Copy attached**), wherein at section 2.2, it has been agreed to change/ amend certain terms and conditions of the Energy Purchase Agreement (EPA) to align it with the MOU. In the said MOU it has also been agreed that the Seller shall develop a tariff modification request to be submitted to NEPRA as a necessary condition to bring into effect the terms of section 2.2 of the MOU. Hence this addendum is submitted to the already filed tariff modification application dated 25.06.2025 in respect of Pakpattan Hydropower Plant.

The Terms & Conditions under section 2.2 of the MOU have been reproduced as under:

- i. The tariff regime shall be converted from the existing "Take-or-Pay" basis to a "Take-and-Pay" structure with a must-run condition. Under this arrangement, the hydrological risk shall be borne by the Seller. Any electricity generated in excess of the determined annual benchmark energy shall be compensated at 10% of the prevailing tariff.
- ii. The Seller proposes the revision of the annual benchmark energy from 21.671 GWh to 14.707 GWh, based on various operational and technical considerations. In support of this revision, relevant evidence has been submitted to the National Electric Power Regulatory Authority (NEPRA), including, inter alia, data relating to annual canal closure days and changes in forced and scheduled outages. NEPRA shall review the matter on its merits, in consultation with the Seller, the power purchaser (MEPCO), and other relevant stakeholders, including the Punjab Irrigation Department, in order to determine whether the proposed revision to the annual benchmark energy is justified.

Forwarded please:☒ For nec. action☐ For information

☐ DG (Lic.)	☐ DG (Admn/HR)
☐ SA (M&E)	☐ DG (CAD)
☐ DG (Tech.)	☐ DG (ATC)
☒ DG (Tff.)	☐ DG (Fin.)
☐ SLA	☐ Dir. (I.T)
☐ Consult (Tech.)	☐ Consult (CTBCM)

For kind information, please.

1. Chairman
2. M (Dev)
3. M (Trf. & Fin)
4. M (Tech)
5. M (Law)

TARIFF DEPARTMENT

Dir (COD)..... Dir (Hydra).....

Dir (DISCOs)..... Dir (RE).....

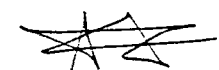
Dir (Thermal)..... Add Dir (T).....

Date: 27.8.26

- iii. All Operations and Maintenance (O&M) cost components, whether fixed or variable, and irrespective of foreign or local origin, shall be indexed annually to the National Consumer Price Index (NCPI) only.
- iv. The upward USD indexation of Return on Equity (RoE) and Return on Equity During Construction (RoEDC) shall be discontinued with effect from **January 01, 2026**. Accordingly, RoE and RoEDC shall be fixed at a USD-PKR exchange rate of PKR 280.55, being the prevailing rate as of December 31, 2025. Any future downward adjustment resulting from appreciation of the PKR against USD shall be applied annually.
- v. The insurance cost during the operational phase of the Project is to be reduced from existing cap of 1.35% of EPC cost to a maximum cap of 0.8% of EPC cost, or actual cost incurred, whichever is lower.
- vi. Withholding tax on dividends at the rate of 7.5% shall not be claimed/treated as a pass-through item.
- vii. Being a Provincial Government-owned plant, the Water Use Charge payable to the Government of Punjab shall not form part of the tariff with effect from the Effective Date.
- viii. The Seller agrees to waive, abandon, and relinquish all rights and claims it may have with respect to late payment interest as of 31st December 2025 from the Purchaser. For clarity, it includes the late payment charges that will arise from payments made up to 31st December 2025.
- ix. The late payment charges under the Existing EPA shall be calculated at Three Month (03) KIBOR + 1% (prevailing on the Due Date of the invoice without any further variance/fluctuation) per annum on any amount payable in Rupees against Principal Invoices calculated for the actual numbers of days for which the relevant amount remains unpaid on the basis of 365 days year, without compounding, with effect from the Effective Date.

Through this addendum, PPDCL hereby makes request to the Authority to consider and approve the terms & conditions contained in section 2.2 of the MOU dated 19.08.2026 signed by PPDCL with MEPCO in respect of Pakpattan Hydropower Plant.

For and on behalf of PPDCL



(Adnan Mudassar)
Chief Executive Office



E-STAMP
(GOVERNMENT OF PUNJAB)



PB-LHR-DF415219E9851881

PSID-40172508188766444

Rs 500/-

Five Hundred Rupees Only

Deed Name	: AGREEMENT OR MEMORANDUM OF AN AGREEMENT - 5(ccc)
First Party	: Punjab Power Development Company Ltd [3520223]
Second Party	: MEPCO [3520223792347]
Recipient	: Muhammad Naveed [35202-2379234-7]
Issue Date	: 18-Aug-2026, 03:40:09 PM
Stamp Duty Paid by	: Punjab Power Development Company Ltd [3520223792347]
Paid Through Challan	: 20266ACFBF35A26F

Please Write Below This Line

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is entered into at Islamabad on this 19 day of August 2026, by and between:

- (1) MEPCO ELECTRIC POWER COMPANY, a company registered under the Companies Act, 2017, with its registered office located at MEPCO HQ, Khanewal Road, Multan, Pakistan (the "Purchaser"); and
- (2) PUNJAB POWER DEVELOPMENT COMPANY LIMITED (the "Seller"), a company registered under the Companies Act, 2017, with its registered office located at 2-A, Zafar Ali Road, Gulberg V, Lahore.

(The Purchaser and the Seller may hereinafter individually be referred to as a "Party" and collectively, as "the Parties")

WHEREAS:

1. The Purchaser and the Seller entered into the Energy Purchase Agreement on 15th September 2023 (as amended from time to time) (the "Existing EPA"), pursuant where to, the Seller owns the Plant located at Pakpattan (2.82 MW);

NOW THEREFORE; in consideration of the above mutual benefits to be derived and representations and warranties, conditions and undertakings herein contained, the Parties hereby agree as follows:



1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined herein or if the context otherwise requires, all capitalized terms used in this MOU shall have the meanings assigned to them under the Existing EPA.

1.2 Interpretation

The rules of interpretation set out in the Existing EPA shall be applied in the interpretation of the terms and provisions of this MOU.

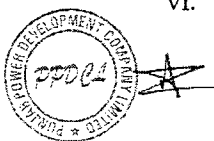
2. TERMS & CONDITIONS

2.1 Effective Date & Execution as an Agreement

This MOU shall become effective on _____ (the "Effective Date"), and shall be construed as an agreement and shall thereafter be legally binding between the Parties from the Effective Date.

2.2 Voluntary Amendment of the Existing EPA

- a. The Parties hereby agree to amend the Existing EPA as of the Effective Date. The Parties have agreed to the following terms and conditions which shall be incorporated in the "Amended EPA":
 - i. The tariff regime shall be converted from the existing "Take-or-Pay" basis to a "Take-and-Pay" structure with a must-run condition. Under this arrangement, the hydrological risk shall be borne by the Seller. Any electricity generated in excess of the determined annual benchmark energy shall be compensated at 10% of the prevailing tariff.
 - ii. The Seller proposes the revision of the annual benchmark energy from 21.671 GWh to 14.707 GWh, based on various operational and technical considerations. In support of this revision, relevant evidence has been submitted to the National Electric Power Regulatory Authority (NEPRA), including, inter alia, data relating to annual canal closure days and changes in forced and scheduled outages. NEPRA shall review the matter on its merits, in consultation with the Seller, the power purchaser (MEPCO), and other relevant stakeholders, including the Punjab Irrigation Department, in order to determine whether the proposed revision to the annual benchmark energy is justified.
 - iii. All Operations and Maintenance (O&M) cost components, whether fixed or variable, and irrespective of foreign or local origin, shall be indexed annually to the National Consumer Price Index (NCPI) only.
 - iv. The upward USD indexation of Return on Equity (RoE) and Return on Equity During Construction (RoEDC) shall be discontinued with effect from January 01, 2026. Accordingly, RoE and RoEDC shall be fixed at a USD-PKR exchange rate of PKR 280.55, being the prevailing rate as of December 31, 2025. Any future downward adjustment resulting from appreciation of the PKR against the USD shall be applied annually.
 - v. The insurance cost during the operational phase of the Project is to be reduced from the existing cap of 1.35% of EPC cost to a maximum cap of 0.8% of EPC cost, or actual cost incurred, whichever is lower.
 - vi. Withholding tax on dividends at the rate of 7.5% shall not be claimed/treated as a pass-through item.



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- vii. Being a Provincial Government-owned plant, the **Water Use Charge** payable to the Government of Punjab shall not form part of the tariff with effect from the Effective Date.
- viii. The Seller agrees to waive, abandon, and relinquish all rights and claims it may have with respect to late payment interest as of 31st December 2025 from the Purchaser. For clarity, it includes the late payment charges that will arise from payments made up to 31st December 2025.
- ix. The late payment charges under the Existing EPA shall be calculated at Three Month (03) KIBOR + 1% (prevailing on the Due Date of the invoice without any further variance/fluctuation) per annum on any amount payable in Rupees against Principal Invoices calculated for the actual number of days for which the relevant amount remains unpaid on the basis of 365 days year, without compounding, with effect from the Effective Date.

3. TARIFF MODIFICATION PETITION

- 3.1 The Seller shall develop a tariff modification request to be submitted to NEPRA as a necessary condition to bring into effect the terms of section 2.2 of this MOU (the "**Tariff Modification Petition**").
- 3.2 The Seller and the Purchaser shall, within fifteen (15) working days from the approval of this MOU from competent authority, file the Tariff Modification Petition before NEPRA. The revised tariff shall be effective from the date of notification (the "**Revised Tariff Effective Date**").
- 3.3 From the Effective Date, billing and invoicing shall be as per the revised tariff by NEPRA, pursuant to section 3.2 above; till then, the current tariff mechanism shall continue.

4. OVERRIDING EFFECT

The Agreement which shall be made in pursuance of this MOU shall override and have effect over all contracts and agreements between the Parties, prior to the Effective Date, notwithstanding any contract or arbitration agreement or provision to the contrary or otherwise, in any contract, including the Existing EPA, to which the Parties are or may be a party.

5. GOVERNING LAW

5.1 Governing Law

This MOU and the Agreement which shall be made in pursuance of this MOU shall be governed by and construed in accordance with the laws of Pakistan.

6. SUCCESSORS AND ASSIGNS

This MOU shall be applicable upon and inure to the benefit of, and be enforceable by, the respective successors, permitted assigns and transferees of the Parties hereto.

7. REPRESENTATION AND WARRANTIES

Each Party represents and warrants to and for the benefit of the other Party that it has full power and authority of entry into this MOU and the execution thereof will not require any further consent or approval of any Person.



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8. COPIES OF THE AGREEMENT TO BE DEEMED ORIGINAL

This MOU will be prepared in duplicate and every copy of the MOU will be considered and deemed to be original.

IN WITNESS WHEREOF, the Parties have entered into this MOU in and on the date and place first above written.

For and on behalf of:

MEPCO ELECTRIC POWER COMPANY

By: [Signature]

Name: Muhammad Sohail Ahmed

Title: DG (MIRAD), MEPCO

For and on behalf of:

PUNJAB POWER DEVELOPMENT
COMPANY LIMITED

By: [Signature]

Name: ADNAN MUDASSAK

Title: CEO

Witness: [Signature]

Name: IRFAN RAFIQUE

CNIC #: 35202-1957691-1

Witness: [Signature]

Name: Rana Muhammad Nadeem

CNIC #: 35202-2244254-9





Office of the, Director General (MIRAD), MEPCO Multan
Ph#061-9220120 Email: dgmiradmepco@gmail.com

No. CE/MEPCO/DG(MIRAD)/PP-44/ 1213-15

Dated: 17.09.26

The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Ataturk Avenue (East) G-5/1,
Islamabad.

Sub: COMMENTS/OBSERVATIONS OF MEPCO ON THE TARIFF MODIFICATION PETITIONS FILED BY PUNJAB POWER DEVELOPMENT COMPANY LIMITED (PPDCL) FOR PAKPATTAN HYDROPOWER PROJECT (2.82 MW)

Reference:

1. Memorandum of Understanding (MOU) dated 19.08.2026 executed between MEPCO and PPDCL for voluntary amendment of the Energy Purchase Agreement dated 15.09.2023 for the Pakpattan Hydropower Project. (copies of MOU enclosed)
2. PPDCL letter No. PPDCL/351/2026 dated 24.08.2026 regarding tariff modification of 2.82 MW of Pak Pattan Hydro Power Plant (PHPP).

This is with reference to the above petition referred at Sr. (2), whereby PPDCL, pursuant to Section 2.2 of the MOU dated 19.08.2026 referred at Reference-1 above, has submitted the revision in Tariff for PakPattan Hydro Power Plant (PHPP) referred at Sr. (2).

With reference to memorandum of understanding (MOU) reached between PPDCL (seller) and MEPCO (Power Purchaser) dated: 19-08-2026, MEPCO agrees the terms and condition mentioned in MOU other than clause 2.2 a (ii).

As far as clause 2.2 a (ii) is concerned, MEPCO submit, for kind consideration of the Honorable Authority, as follows;

- i. PPDCL has approached Authority to approve annual bench mark energy of 14.707 GWh for PakPattan Hydro Power Plant against 21.671 GWh through original tariff determination issued by Authority vide No. NEPRA/TRF-259/PPDCL-2014/1482-1484 dated 04.02.2015.
- ii. The Authority after consideration of all investment of PPDCL in PakPattan Hydro Power Plant and keeping in view end consumer interest, gave determination and decided the bench mark energy of 21.671 GWh. PPDCL filed review petition against the decision of Authority which was rejected by the Authority vide letter No. NEPRA/TRF-259/PPDCL-2014/1930-32 dated 08.02.2016
- iii. MEPCO signed side agreement with PPDCL for Pre-COD purchase as per the review decision of Authority dated 08.02.2016.
- iv. MEPCO understand that revision of annual bench mark energy shall effect end consumer interest, through tariff increase and set a precedent for future regulatory decision.

REGISTRAR OFFICE
Diary No: 9944
Date: 21/9/26

Power Division Record
By No. 3665
Date: 21-9-26

TARIFF DEPARTMENT
Dir (COD)..... Dir (Hydro).....
Dir (DISCOs)..... Dir (RE).....
Dir (Thermal)..... Add Dir (T).....
Date: 21-9-26

Forwarded please:

☒ For nec. action	☐ For information
☒ DG (Lic.)	☐ DG (Admn/HR)
☒ SA (M&E)	☐ DG (CAO)
☒ DG (Tech.)	☐ DG (ATO)
☒ DG (Trd.)	☐ DG (Fin.)
☐ SLA	☐ Dir. (L.T)
☐ Consult (Tech.)	☐ Consult (CTECM)

For kind information, please:

1. Chairman
2. M (Dev)
3. M (Trf. & Fin)
4. M (Tech)
5. M (Law)

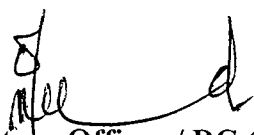
- v. Reduction in annual bench mark energy (if others things remain same) shall result in an increase in the tariff by approx. 45% in case of PakPattan Hydro Power Plant, which ultimately impact on the tariff payable by the end consumer.
- vi. The project feasibility assumption, including generation potential and expected energy output was considered at the time of the original tariff determination. Reduction in bench mark energy on the basis of actual or revised project performance may have the effect of transferring the financial consequences of project planning efficiencies to the purchaser and resultantly to the end consumer.
- vii. Approval of the proposed reduction in bench mark energy may established a precedent for future cases whereby seller initially undertake a project on higher annual bench mark energy and subsequently shall seek tariff modification arising due to operational in efficiencies by poor project planning / wrong assumptions.

In the above scenario, MEPCO requests the Honorable Authority that;

- i. Examine the all relevant record submitted at the stage of project planning, execution and operation regarding hydrological data, canal closure, forced / schedule outage of plant as well as water flow for this project independently rather than relying solely on the seller's submission.
- ii. Take into account the original tariff determination vide No. NEPRA/TRF-259/PPDCL-2014/1482-1484 dated 04.02.2015 for annual bench mark energy of 21.671 GWh.
- iii. Consider the tariff impact on the MEPCO (Purchaser) and ultimately to the end consumer of MEPCO on the basis of actual under performance, hydrological risk to be borne by the seller.
- iv. Consider the precedent of similar claim by other sellers, through allowing decrease in bench mark energy on the basis of under performance due to poor planning at initial stage of project and subsequent change at practical stage.
- v. An opportunity of hearing be given to MEPCO, before the final decision of Authority in the captioned petition.

Foregoing in view, MEPCO strongly disagree with any decrease / change in bench mark energy being not aligned with regulatory norms as well as impact of tariff increase on the end consumer.

DA/as above


Chief Strategy Officer / DG (MIRAD)
MEPCO HQs Multan

Copy to:

- 1. SO to CEO MEPCO H/Q Multan.
- 2. Chief Financial Officer MEPCO H/Q Multan.
- 3. Master File.

MEPCO ELECTRIC POWER COMPANY LIMITED

AND

PUNJAB POWER DEVELOPMENT COMPANY LIMITED

ENERGY PURCHASE AGREEMENT

RELATING TO

2.82 MW PAKPATTAN HYDROPOWER PROJECT

AT

SITE RD 112+350 ON PAKPATTAN CANAL SYSTEM NEAR FALL STRUCTURE,

DISTRICT PAKPATTAN

PROVINCE OF PUNJAB PAKISTAN

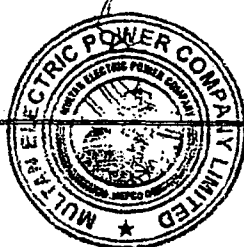
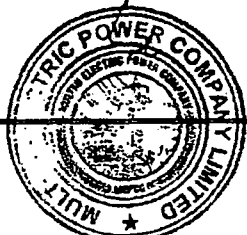
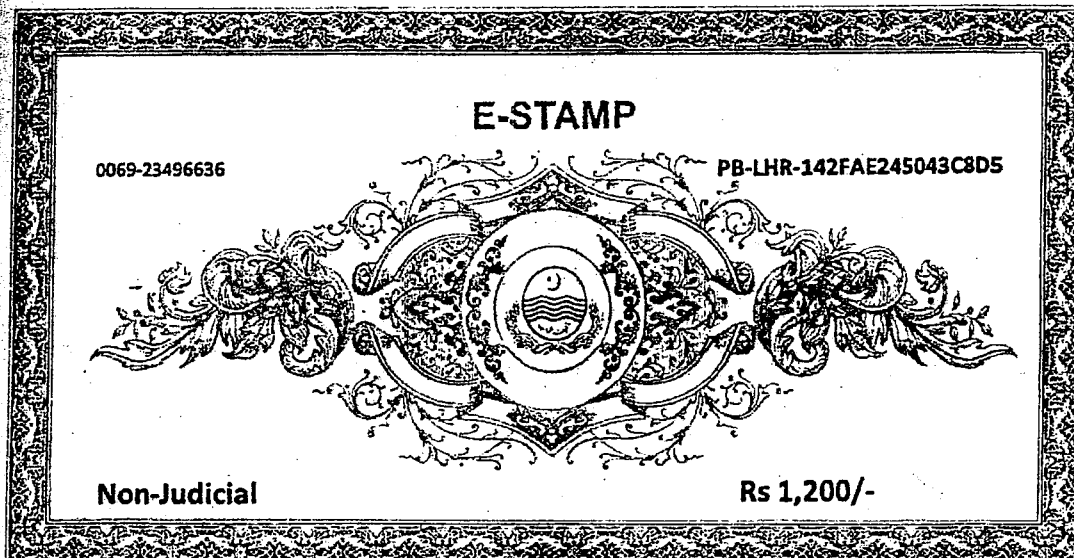


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[illegible]

Description	: AGREEMENT OR MEMORANDUM OF AN AGREEMENT - 5(ccc)
First Party	: PUNJAB POWER DEVELOPMENT COMPANY LTD [10000-0000000-0]
Second Party	: MULTAN ELECTRIC POWER COMPANY MEPCO [10000-0000000-0]
Agent	: MUHAMMAD NAYEED [35202-2379234-7]
Stamp Duty Paid by	: MULTAN ELECTRIC POWER COMPANY MEPCO [10000-0000000-0]
Issue Date	: 14-Sep-2023, 09:39:07 AM
Paid Through Challan	: 20236988E41AB8B3
Amount in Words	: One Thousand Two Hundred Rupees Only

ENERGY PURCHASE AGREEMENT

This Energy Purchase Agreement (this "Agreement") is made and entered into as of 15th day of September, 2023 ("Effective Date") at Lahore, Pakistan.

By and between:

MEPCO ELECTRIC POWER COMPANY LIMITED, established under the laws of Pakistan, with its principal office at MEPCO HQ, Khanewal Road, Multan, Pakistan and its successors and assigns of the one part, (hereinafter called the **"Purchaser"**).

and

PUNJAB POWER DEVELOPMENT COMPANY LIMITED with its office at 3rd Floor Mega Tower Main Boulevard Gulberg-II Lahore, Pakistan and its permitted successors and permitted assigns of the other part, (hereinafter called the "Seller").

Both the Purchaser and the Seller shall hereinafter also be referred to individually as the "Party" and collectively as the "Parties".

WHEREAS the Seller will sell and the Purchaser will purchase from the Seller, electrical energy on the terms and conditions set here-in-forth, pursuant to the Generation License and the Tariff Determination issued by NEPRA.

WHEREAS both Seller and Purchaser agreed that all payments due under this agreement will be paid in Pakistani Rupees avoiding any Retrospective liability from the date of signing of EPA.

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations, warranties, conditions and promises herein contained, and intending to be legally bound, the Seller and the Purchaser hereby agree as follows: -



Page 3 of 18



ARTICLE 1: DEFINITIONS

1.1 Wherever the following capitalized terms appear in this Agreement, they shall have the meanings stated below:

"Agreement Year" – Each period of twelve (12) consecutive months commencing on the Commercial Operations Date and on each anniversary thereof and ending at the end of the Day immediately prior to each immediately following anniversary of the Commercial Operations Date, except for the first Agreement Year which shall start on the Commercial Operations Date; provided, however, that each Agreement Year shall automatically be extended by the occurrence of a Force Majeure Event declared by the Seller or Buyer within such Agreement Year for a period equal to the sum of the Days, the Seller or Buyer was unable to perform fully due to such Force Majeure Event.

"Agreement Term" - The Term of this Agreement shall be as stipulated in Article 5.1 of this Agreement

"Back-Up Metering System" – All meters and metering devices installed by the Seller and thereafter owned and maintained by the Seller as back-up to the Metering System.

"Benchmark Energy" – Net Annual Energy supplied by generator to the power purchaser during a year as determined in NEPRA Tariff Determination i.e., 21.671 GWH.

"Billing Cycle" – the period starting from 00.00 hours of first day of each month and ending at 24.00 hours of the last day of the same month.

"Business Day" Any Day that all banks in Islamabad, Pakistan are legally permitted to be open for business.

"Commercial Operations Date" – Effective Date of this Agreement i.e. Signing date of this EPA, as described in Schedule-3 (6) of this Agreement.

"Commissioned" – The successful completion of commissioning of the Complex for continuous operation and the certification of such successful completion of commissioning by the Independent Engineer to the Purchaser and the Seller, duly verified by the Plant Commissioning Committee of the Purchaser as per procedure shown at Schedule-3.

"Complex" – The generation facility or part thereof, located on site of "Pakpattan Hydro-power Project" having installed capacity up to 2.82 MW and earmarked to deliver electrical energy to the Purchaser at Interconnection Point under this Agreement.

"Control Centre" – The Power Despatch Centre (PDC) MEPCO located in MEPCO, or such other control Centre designated by the Purchaser and notified to the Seller in writing from time to time, but not more than one at any time, from where the Complex shall be Despatched.
Is EPA

"Despatch Instructions"- means the instructions issued from the Control Centre on behalf of the Purchaser to the Seller for delivery of the electrical energy to the Interconnection Point on the basis of information provided by the Seller. It is agreed between the Parties that the Complex will be Despatched on must-run basis subject to availability of the Complex and hydrology for power generation.

"Dispute" – Any dispute or disagreement or difference arising under, in connection with or relating to this Agreement, including any dispute or difference concerning the existence, legality, validity or enforcement of this Agreement or any provision hereof, or the obligations or performance of any provision hereof.



"Expert" – The Expert may be an individual, partnership, association or body corporate and shall be generally recognized as an expert in the field of expertise relevant to the Dispute, the Expert shall be an engineer with extensive experience in the construction and operation of electric power plants similar to the Complex selected for technical matters.

"Force Majeure" – A "Force Majeure Event" shall mean any event or circumstance or combination of events or circumstances (including the effects thereof) that is beyond the reasonable control of a Party and that on or after the Commercial Operations Date, materially and adversely affects the performance by such affected Party of its obligations under or pursuant to this Agreement (including a Party's ability to deliver or receive energy from the Complex); provided, however, that such material and adverse effect could not have been prevented, overcome or remedied in whole or in part by the affected Party through the exercise of diligence and reasonable care, it being understood and agreed that reasonable care includes acts and activities to protect the Complex from a casualty or other event; that are reasonable in light of the probability of the occurrence of such event, the probable effect of such event if it should occur, and the likely efficacy of the protection measures.

"Generation License" – the license No. IGSPL/43/2014 dated 27th June, 2014 issued by NEPRA permitting generation and supply of electrical energy by the Seller from the Complex in accordance with the terms and conditions of such license for generating capacity as indicated at Schedule-2.

"Independent Engineer" – means the Inspection Engineer, firm or association, having a required expertise of the requisite task, who shall examine the Complex and certify to the Seller regarding the activities of the EPC contractor for the Construction, Operation and Commissioning of the Complex.

"Interconnection Facilities" means the facilities and equipment to be designed, constructed or installed by or on behalf of the MEPCO as per the Grid Code on the Purchaser's side of the Interconnection Point. The obligations/liability pertaining to the Interconnection Facilities will be borne by the MEPCO.

"Interconnection Point" – The physical point(s) where the Complex and the 11-kV system of the MEPCO as per the Grid Code is connected i.e. 11 kV bus-bar of the plant switchyard.

"Interconnection Works" means those works and activities to be undertaken by or on behalf of the MEPCO as per the Grid Code for the design, engineering, construction, installation and commissioning of the Interconnection Facilities in accordance with this Agreement.

"KIBOR" – The average "ask side" Karachi Inter-Bank Offer Rate for Rupee deposits for a period equal to three (3) months issued by the State Bank of Pakistan.

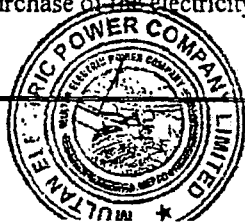
"Metering Point" – The MEPCO's side of the Interconnection Point as per the Grid Code.

"Metering System" – All existing meters and metering devices, already available at the Metering Point of the Complex of the Seller or procured by the MEPCO and installed by the Seller, which shall be used for recording of electrical energy to be supplied to Purchaser. The accuracy class of meters shall be 0.2. The MEPCO may check/recalibrate the Metering System at appropriate intervals, at its own cost.

"NEPRA" – The National Electric Power Regulatory Authority established by the Regulation, Transmission and Distribution of Electric Power Act 1997 (XL of 1997), and any successor or substitute regulatory agency with authority and jurisdiction over the electricity sector in Pakistan.

"Pre-COD sale of Electricity"

Pre-COD sale of electricity shall have the meaning set forth in Clause-1 of the "Side Agreement for sale and purchase of the electricity" dated 05 /01/2017 and amended from time to time.



"Plant Commissioning Committee" – The committee of representatives constituted by the Purchaser and duly notified to the Seller to witness the Commissioning.

"Prudent Electrical Practices" – The use of equipment, practices or methods, as required to comply with applicable industry codes, standards, and regulations in Pakistan (i) to protect the grid system, employees, agents, and customers from mal-functions occurring at the Complex, and (ii) to protect the Complex and the Seller's employees and agents at the Complex from mal-functions occurring on the grid system. Prudent Electrical Practices are not limited to optimum practices, methods or acts to the exclusion of all other but rather are a spectrum of possible practices, methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety.

"Prudent Utility Practices" – Those practices, methods and procedures conforming to safety and legal requirements which are attained by exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced generator of electricity engaged in the same or a similar type of undertaking or activity under the same or similar circumstances and conditions to those pertaining in Pakistan and satisfying the health, safety and environmental standards of reputable international electric generation companies. Prudent Utility Practices are not limited to optimum practices, methods or acts to the exclusion of all others, but rather are a spectrum of possible practices methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety.

"Seller Interconnection Facilities" – means the facilities and equipment to be designed, constructed or installed by or on behalf of the Seller on the Seller's side of the Interconnection Point, including any tele-metering equipment, transmission lines, and associated equipment, transformers and associated equipment, relay and switching equipment, telecommunications devices, data interface for the SCADA System of the Control Centre, protective devices and safety equipment;

"Seller Interconnection Works" – means those works and activities to be undertaken by or on behalf of the Seller for the design, engineering, construction, installation and commissioning of the Seller Interconnection Facilities in accordance with this Agreement;

"Take-and-Pay Basis" – means the basis on which the Purchaser will pay to the Seller, the Tariff against the delivered kWh only. It is agreed between the Parties that the Complex will be despatched on must-run basis subject to availability of the Complex and hydrology for power generation.

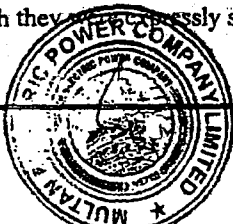
"Tariff" means the per kWh rate expressed in Pakistan rupees as set out in the Tariff Determination;

"Tariff Determination" - means the tariff approval No. NEPRA/TRF-259/PPDCL-2014/1482-1484 dated 4th February, 2015 issued by NEPRA in relation to the Complex (as amended from time to time including any clarification thereto issued by NEPRA) as notified in the official Gazette, annexed herewith as Schedule-1;

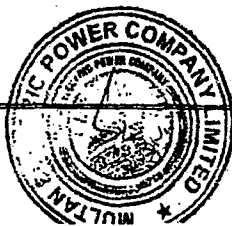
"Year" – Each twelve (12) Month period commencing at 12:00 midnight on the 31st of December and ending at 12:00 midnight on the following 31st of December.

1.2. Interpretation:

- a) Unless otherwise stated, all references made in this Agreement to "Articles" and "Schedules" shall refer, respectively, to Articles of, and Schedules to, this Agreement. The Schedules to this Agreement form part of this Agreement and will be in full force and effect as though they were expressly set out in the body of this Agreement.



- b) In this Agreement, unless the context otherwise requires
- (i) the singular shall include plural and vice versa;
 - (ii) words denoting persons shall include partnerships, firms, companies (Punjab Power Development Company, MEPCO Electric Power Company etc.)
 - (iii) the words "include" and "including" are to be construed without limitation and
 - (iv) a reference to any Party includes that Party's successors and permitted assigns.



ARTICLE 2. OBLIGATIONS

2.1 Obligations of the Seller:

- 2.1.1 The Seller has obtained Generation License from NEPRA and the Parties agree that the Seller is fully capable to generate and sell the electrical energy to the Purchaser from the Commercial Operations Date. The Seller shall sell and the Purchaser shall purchase the electrical energy in accordance with NEPRA Tariff Determinations.
- 2.1.2 The Seller will provide up to 2.82 MW with estimated annual 21.671 GWh of power on Take-and-Pay Basis at a voltage of 11 kV and at 50 Hz frequency with a tolerance as per applicable Grid Code/ Distribution Code. The quality of electrical energy shall be ensured by the Seller through installation of necessary equipment required as per Prudent Electrical Practices and Prudent Utility Practices.
- 2.1.3 The Seller shall get the tariff notified in the Gazette of Pakistan as already determined by NEPRA.
- 2.1.4 The Seller shall not sell the power produced by Pakpattan Hydropower Project to any other consumer without prior consent of MEPCO.
- 2.1.5 **Seller Interconnection Facilities:**
- 2.1.5.1 The Seller shall complete or cause to be completed, at its cost, the Seller Interconnection Works with all proper skill and care and in all material respects in accordance with this Agreement and the applicable laws of Pakistan, such that the Seller Interconnection Facilities can be reasonably expected to provide a useful life of not less than the Term.
- 2.1.5.2 The Seller shall undertake at its own cost maintenance of the Interconnection Facilities within the boundary of a Complex up to the termination pole of the 11KV line as per the specifications and requirements of Purchaser, as notified to the Seller, in accordance with Prudent Utility Practices.
- 2.1.6 The seller has started supplying Electric Energy to the purchaser under test run. Date of invoicing of Pre-COD sale of electricity is effective on the sealing of energy meters to be inspected, tested and recommend by the Technical Committee representing all the stake holders of this arrangement. The Seller shall continue to supply energy till signing of this Agreement. The Purchaser shall continue to pay for the energy supplied from the Complex during Pre-COD, to the Seller as per Clause 6 of the Side Agreement signed for the Complex till signing of this Agreement.
- 2.1.7 The Seller may notify the Purchaser/Control Centre of its available energy in kWh estimated in good faith on daily/hourly basis, which may be revised any time by issuing a notice to the Purchaser/Control Centre prior to the issuance of Dispatch Instructions. The Purchaser agrees that it shall not charge any liquidated damages under this Agreement for any outages or reduction in the estimated generation capacity or otherwise.
- 2.1.8 From and after the Commercial Operations Date and signing of this Agreement, the Seller shall submit, at any time on or after the first (1st) Day of the month following such month (or part month), its invoice, monthly in arrear, based on levelized tariff allowed and indexed from time to time by NEPRA up-to the Benchmark Energy and beyond the Benchmark Energy the tariff shall be applied @10% of levelized tariff on delivered net electrical energy based on the reading of Metering



System for the Billing Cycle along with relevant supporting documents. The meter reading will be recorded by MEPCO authorized persons as per the Grid Code in the presence of the Seller's representative as per Billing Cycle.

- 2.1.9 The Seller shall install the Back-Up Metering System with meters of 0.2 accuracy class in the metering room at Seller's premises and tested and calibrated in the presence of MEPCO's authorized representative as per the Grid Code. Parties agree that, in case of doubt by any Party about the accuracy of Metering System, the recordings of the Back-Up Metering System or any other mutually agreed arrangement may be adopted. In the event of complete or partial damage to the Metering System the same shall be replaced by the Seller. On the initial or any subsequent replacement of the Metering System, the MEPCO shall have the right to affix seals on the tested and calibrated meters but in the presence of Seller's authorized representative.
- 2.1.10 If either of the Metering System differs from the other by an amount greater than one-fifth of one percent (0.2%), the MEPCO shall test the accuracy of the Metering System and recalibrate the Metering System. If the Metering System is found to be in order, the Seller shall be bound to test and calibrate the Back-Up Metering System to the satisfaction of the Purchaser. Either Party shall give prior notice, not less than seventy-two (72) hours to conduct such tests.
- 2.1.11 The Seller shall provide its maintenance schedule to the MEPCO with a copy to Purchaser, so as to ensure stable and reliable supply to MEPCO network.
- 2.1.12 The Seller shall serve at least 48-hour notice to the Purchaser regarding any planned shutdown. The Seller has the right to immediately disconnect the power supply to the Purchaser in the event of any breakdown of machineries in the Complex and will intimate to Purchaser.
- 2.1.13 The Seller will immediately inform the Purchaser about power supply failure due to defect/mal-operation of the Complex.

2.2. Obligations of Purchaser:

- 2.2.1 The Purchaser shall off-take and purchase the electricity generated by Plant as per the terms and conditions of this Agreement.
- 2.2.2 For any Net Electrical Output delivered after synchronization of the Complex with the Grid System at any time prior to the Commercial Operations Date and signing of this Agreement, the Purchaser shall pay the Seller the tariff as determined by NEPRA excluding debt and interest component.
- 2.2.3 The Purchaser (MEPCO) will off-set the import of power by the Seller with the net electrical output delivered by the Seller from the power plant. In case the import of power by the Seller in a period is more than the net electrical output delivered by the Seller in the period, such difference in import of power and net electrical output shall be adjusted in ensuing period(s).

2.2.4 Purchaser Interconnection Facilities:

The MEPCO shall design, construct, finance and complete/commission the Interconnection Works after Interconnection Point up to the Grid Station in accordance with as per the Grid Code and the applicable laws of Pakistan, such that the Interconnection Facilities can be expected to have a useful life of not less than the Term.



General Provisions:



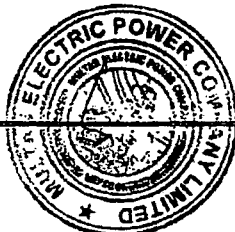
- 2.2.5.1 The Seller shall issue a signed monthly bill to Purchaser. Purchaser shall pay to Seller monthly as per determined Tariff based on Joint Meter reading as certified by Purchaser.
- 2.2.5.2 The Purchaser shall pay the amount shown in the invoice as due to the Seller (less any amount disputed by the Purchaser) at any time on or before the 30th Day the invoice is received by the Purchaser by modes of E-mail/Courier/Delivery by hand and as intimated by the designated office of Purchaser. In case the 30th Day is not a Business Day; the following Business Day shall be deemed to be the due date. Failure to settle the energy invoice in the given period shall carry late payment charges of KIBOR+2% per annum calculated for actual number of days on the basis of three hundred sixty-five days.
- 2.2.5.3 In event of delay in payment of Monthly bill by Purchaser beyond its due date, a late Payment charge shall be payable by Purchaser to the Seller as per LPS criteria.
- 2.2.5.4 The Tariff will be adjusted for variation as per Tariff Determination by NEPRA.
- 2.3. **Generation compensation due to evacuation issues at the time of COD:**

Upon the occurrence of an Emergency in Purchaser's evacuation system for safe operation of its Grid, Transmission Line or any safety issue, Purchaser reserves the right to shut down the line however, the Purchaser shall undertake all reasonable efforts as per Prudent Utility Practices to rectify the Emergency and restore energization of the Purchaser's evacuation system as soon as possible.



ARTICLE 3: Dispute Resolution

- 3.1 In the event that a Dispute arises, the Parties shall attempt in good faith to settle such Dispute through their Chief Executive Officers (CEOs) or their authorized representative by mutual discussion(s) within thirty (30) days after the date that the disputing Party delivers written notice of the Dispute to the other Party.
- 3.2 In the event of a dispute as to the amount in the invoice, Purchaser shall notify the Seller of the amount in dispute and Purchaser shall pay the Seller 100% of the undisputed amount within the due date provided, either party shall have the right to approach the NEPRA to affect a higher or lesser payment on the disputed amount. The Parties shall discuss within a week from the date on which Purchaser notifies the Seller of the amount in dispute and try to settle the dispute amicably.
- 3.3 If the dispute is not settled during such discussion, then the payment made by Purchaser shall be considered as a payment under protest. Upon resolution of the dispute, in case any party is subsequently found to have overcharged, then it shall return the overcharged amount with markup at the 3-Months (offer) KIBOR rate notified on State Bank of Pakistan official website on the last working day of the month immediately preceding the month in which the resolution of the dispute is reached.
- 3.4 The Party reporting the existence of a Dispute shall give to the other Party written notice setting out the material particulars of the Dispute in the written notice. Chief Executive Officer (CEOs), or their authorized representatives, of each Party shall meet in Lahore, Pakistan or at any mutually agreed place within Pakistan to attempt in good faith to resolve the Dispute.
- 3.5 In case the Dispute is not resolved within thirty (30) days after the date of receipt of notice described in section (s) by the relevant Party (or within such longer period of time as the Parties may agree), any Party may initiate arbitration proceedings under the Arbitration Act 1940, and the jurisdiction in such cases would be that of the relevant court in Pakistan.
- 3.6 The arbitration shall be conducted in Lahore, Pakistan.
- 3.7 Seller / Purchaser shall not have the right to challenge any Invoice, or to bring any court or administrative action of any kind questioning/modifying an Invoice after a period of one (01) year from the date of the Invoice is due and payable.



ARTICLE 4: COMMUNICATIONS

- 4.1. All notices and other communications required or permitted to be given by a Party shall be in writing and either delivered personally or by courier or sent by facsimile to the address or number of the other Party specified below:

If to the Purchaser:

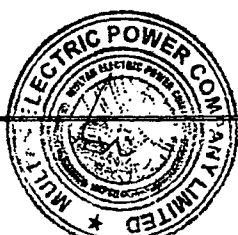
Attention: Chief Executive Officer
Address: MEPCO HQ, Khanewal Road,
Multan.
Facsimile: [-----]
Email: [-----]

If to the Seller:

Attention: Chief Executive Officer
Address: 3rd floor Mega Tower Main Boulevard Gulberg-II,
Lahore.
Facsimile: 042-99332157
Email: ppdcl.ceo@energy.punjab.gov.pk

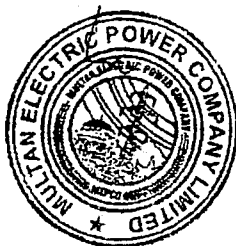
Provided that a Party may change the address to which notices are to be sent to it, by giving no less than thirty (30) Days' prior written notice to the other Party.

- 4.2 No notice or other communication shall be effective until received or deemed received. Notices or other communications shall be deemed to have been received by the receiving Party:
- (i) when delivered, if personally delivered;
 - (ii) two (2) Business Days after sending, if sent by courier;
 - (iii) upon sending, if sent by facsimile, subject to confirmation of an uninterrupted transmission report and provided that a hard copy is dispatched to the recipient by courier or personal delivery no later than the following Business Day.



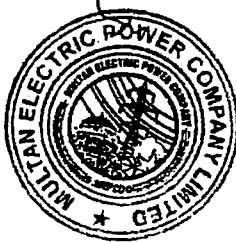
ARTICLE 5: TERM EXECUTION AND TERMINATION OF CONTRACT

- 5.1. Unless terminated earlier in accordance with its terms, this Agreement shall continue in full force and effect for thirty (30) Agreement Years subject to renewal of Generation Licence of PPDCL by Competent Authority i.e. NEPRA (such period, the "Term"), from the Commercial Operations Date and signing of this Agreement in accordance with the term of Generation License.
- 5.2. This Agreement may be terminated by either Party upon issuance of written notice to the other Party of not less than ninety (90) Days issued by a Person duly authorized to issue such notice on behalf of the notifying Party. Upon the termination of this Agreement the Parties shall have no further obligations or liabilities hereunder except, as per the provisions of this Agreement, for those obligations and liabilities that
- (a) arose prior to such termination and
 - (b) have been made to survive termination.
- 5.3. This Agreement may be executed in two (2) counterparts and each counterpart will be deemed an original instrument, but both the counterparts together will constitute one Agreement. The Agreement shall be effective upon the approval of Board of Director of the Parties.



ARTICLE 6: PASS THROUGH ITEM(S)

- 6.1. If any non-refundable tax related to generation business is imposed on the Seller, the exact amount paid by the Seller shall be reimbursed by the Power Purchaser to the Seller on production of original receipts. Pass-Through Items shall be reimbursed by the Purchaser to the Seller on the basis of the actual costs reasonably incurred by the Seller and allowed by NEPRA to satisfy the requirements of the Energy Purchase Agreement or to the extent that the Seller is obligated pursuant to the Laws of Pakistan to make payment for such Pass-Through Item(s) in the performance of its obligations under this Agreement.
- 6.2. The Seller may present an invoice(s) to the Purchaser for Pass-Through Items at any time on or after the first (1st) Day of the Month following the Month in which the cost(s) was incurred by the Seller. All invoices presented by the Seller to the Purchaser for Pass-Through items shall be accompanied by the original invoices and payment receipts to the Seller for which reimbursement of the Pass-Through item from the Purchaser is being sought.
- 6.3. The following items shall be Pass-Through Items:
- Governmental impositions such as Income Tax, Sales Tax, Excise Duty or other Duty, levy, charge, surcharge wherever and whenever payable on the sale of Electricity by the Seller to the Purchaser during the term.
- For avoidance of doubt, if a particular type of tax is stated to be a Pass-Through item in this section (2.2.5.4) than any change in tax rate for such tax upwards or downwards shall continue to be treated as a Pass-Through item.
- 6.4. The Purchaser shall pay Sales Tax amount based upon monthly sales tax invoice raised by the Seller together with the monthly power sales invoice amount. The Purchaser shall pay actual Income Tax paid by the Seller in Twelve (12) monthly equal instalments. Furthermore, in any such a scenario, the seller shall also submit to the power purchaser details of any tax shield savings and power purchaser shall deduct the amount of these savings from its payment to the Seller on account of taxation.





E-STAMP
CONTINUATION SHEET

IN WITNESS whereof the Parties hereto have signed this Agreement on the day and year first above written.

[PURCHASER-]

[SELLER-]

MEPCO ELECTRIC POWER
COMPANY LIMITED

PUNJAB POWER DEVELOPMENT
COMPANY LIMITED

By: _____

Title: _____



By: _____

Title: Chief Executive Officer



Witness: _____

Name: Tanveer Abdullah

CNIC # 32301-2855169-9

Witness: Anwar

Name: ANWAR-UL-HAQ

CNIC # 41201-8796274-3

SCHEDULE-1

(NEPRA Determined Tariff dated 04.02.2015)
ORDER

ATTACHED



SCHEDULE-2

(Contracted Generation Capacity)

SCHEDULE-II OF GENERATION LICENSE DATED 27.06.2014

ATTACHED



SCHEDULE-3**TESTING AND COMMISSIONING OF 2.82 MW PAKPATTAN HPP****1. Technical Limits and Technical/ Functional Specification**

The National Electric Power Regulatory Authority (NEPRA) issued Generation License No. IGSPL/43/2014 dated 27th June, 2014 to the Seller for 2.82 MW Pakpattan Hydropower Project. The Schedule-I of Generation License contained the Location, Size (i.e., Capacity in MW), Type of Technology, Interconnection Arrangements, Technical Limits, Technical/Functional Specifications and other details specific to the Generation Facilities of the Licensee.

2. Performance of Plant commissioning Tests

In connection with completion of Pakpattan Hydropower plant, the EPC Contractor performed related plant commissioning tests such as Reliability Test, Simultaneous Load Rejection Test and Guarantee (Functional) Test. The Independent Engineer witnessed the said plant commissioning tests and verified the power curve of the power plant according to the latest IEC/IEEE standards.

3. Certification of Independent Engineer for Successful Plant Commissioning

With the approval of ADB (the Lender), the Seller engaged "Punjab Hydropower Consultants" (PHC) a consortium of foreign and local consulting firms as Management Consultant / Independent Engineer for supervision of the construction of the Complex. The Independent Engineer by satisfying itself that all aforesaid related plant commissioning tests have successfully been performed, issued a Certificate to the Seller. The Seller accordingly notified "Operational Acceptance" to the EPC Contractor declaring "Operation Acceptance Date" as 28.04.2018. The Seller has provided to the Power Purchaser, copy of the successful plant commissioning Certificate issued by the Independent Engineer.

4. Commercial Operation Date

The Effective Date of Signing of this Energy Purchase Agreement (EPA) (this "Agreement") by and between MEPCO as Purchaser and PPDCL as Seller signed by the authorized representatives of Parties. This is without prejudice to the position that after the Complex has been commissioned and the Supplier issued an "Operation Acceptance Certificate" to EPC Contractor as recommended by Independent Engineer.





No. PPDCL/ 357 / 2026

**PUNJAB POWER DEVELOPMENT COMPANY
LIMITED**

Government of the Punjab, Energy Department
2-A Zafar Ali Road Gulberg-V, Lahore

Dated: 24 / August/ 2026

The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Ataturk Avenue (East), G-5/1,
Islamabad

**Subject: APPLICATION FOR TARIFF MODIFICATION OF 2.82 MW PAKPATTAN
HYDROPOWER PLANT (PHP) OF PPDCL**

The Punjab Power Development Company Limited (PPDCL), through its letter No. PPDCL/690/2025 dated 25.06.2025 has submitted an application for modification of Reference Tariff of 2.82 MW Pakpattan Hydropower Plant (PHP), which is still pending for decision of the Authority.

Meanwhile as proposed by the National Task Force (NTF), a memorandum of understanding (MOU) has been signed by PPDCL with MEPCO (Power Purchaser) dated 19.08.2026 (**Copy attached**), wherein at section 2.2, it has been agreed to change/ amend certain terms and conditions of the Energy Purchase Agreement (EPA) to align it with the MOU. In the said MOU it has also been agreed that the Seller shall develop a tariff modification request to be submitted to NEPRA as a necessary condition to bring into effect the terms of section 2.2 of the MOU. Hence this addendum is submitted to the already filed tariff modification application dated 25.06.2025 in respect of Pakpattan Hydropower Plant.

The Terms & Conditions under section 2.2 of the MOU have been reproduced as under:

- i. The tariff regime shall be converted from the existing "Take-or-Pay" basis to a "Take-and-Pay" structure with a must-run condition. Under this arrangement, the hydrological risk shall be borne by the Seller. Any electricity generated in excess of the determined annual benchmark energy shall be compensated at 10% of the prevailing tariff.
- ii. The Seller proposes the revision of the annual benchmark energy from 21.671 GWh to 14.707 GWh, based on various operational and technical considerations. In support of this revision, relevant evidence has been submitted to the National Electric Power Regulatory Authority (NEPRA), including, inter alia, data relating to annual canal closure days and changes in forced and scheduled outages. NEPRA shall review the matter on its merits, in consultation with the Seller, the power purchaser (MEPCO), and other relevant stakeholders, including the Punjab Irrigation Department, in order to determine whether the proposed revision to the annual benchmark energy is justified.



Manager (CM&RA)

Forwarded to DM (Punjab)
for necessary actions please

31/8/26

28/8/26

DM (Punjab)

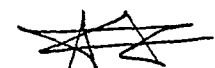
31/8/26



- iii. All Operations and Maintenance (O&M) cost components, whether fixed or variable, and irrespective of foreign or local origin, shall be indexed annually to the National Consumer Price Index (NCPI) only.
- iv. The upward USD indexation of Return on Equity (RoE) and Return on Equity During Construction (RoEDC) shall be discontinued with effect from **January 01, 2026**. Accordingly, RoE and RoEDC shall be fixed at a USD-PKR exchange rate of PKR 280.55, being the prevailing rate as of December 31, 2025. Any future downward adjustment resulting from appreciation of the PKR against USD shall be applied annually.
- v. The insurance cost during the operational phase of the Project is to be reduced from existing cap of 1.35% of EPC cost to a maximum cap of 0.8% of EPC cost, or actual cost incurred, whichever is lower.
- vi. Withholding tax on dividends at the rate of 7.5% shall not be claimed/treated as a pass-through item.
- vii. Being a Provincial Government-owned plant, the Water Use Charge payable to the Government of Punjab shall not form part of the tariff with effect from the Effective Date.
- viii. The Seller agrees to waive, abandon, and relinquish all rights and claims it may have with respect to late payment interest as of 31st December 2025 from the Purchaser. For clarity, it includes the late payment charges that will arise from payments made up to 31st December 2025.
- ix. The late payment charges under the Existing EPA shall be calculated at Three Month (03) KIBOR + 1% (prevailing on the Due Date of the invoice without any further variance/fluctuation) per annum on any amount payable in Rupees against Principal Invoices calculated for the actual numbers of days for which the relevant amount remains unpaid on the basis of 365 days year, without compounding, with effect from the Effective Date.

Through this addendum, PPDCL hereby makes request to the Authority to consider and approve the terms & conditions contained in section 2.2 of the MOU dated 19.08.2026 signed by PPDCL with MEPCO in respect of Pakpattan Hydropower Plant.

For and on behalf of PPDCL



(Adnan Mudassar)
Chief Executive Office

76
c.c :- CEO mepcO mullān.

E-STAMP
(GOVERNMENT OF PUNJAB)



PB-LHR-DF415219E98518B1

PSID-40172608188766444

Rs 500/-

Five Hundred Rupees Only

Deed Name	: AGREEMENT OR MEMORANDUM OF AN AGREEMENT - 5(ccc)
First Party	: Punjab Power Development Company Ltd [3520223]
Second Party	: MEPCO [3520223792347]
Recipient	: Muhammad Naveed [35202-2379234-7]
Issue Date	: 18-Aug-2026, 03:40:09 PM
Stamp Duty Paid by	: Punjab Power Development Company Ltd [3520223792347]
Paid Through Challan	: 20266ACFBF35A26F

Please Write Below This Line

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is entered into at Islamabad on this 19 day of August 2026, by and between:

- (1) MEPCO ELECTRIC POWER COMPANY, a company registered under the Companies Act, 2017, with its registered office located at MEPCO HQ, Khanewal Road, Multan, Pakistan (the "Purchaser"); and
- (2) PUNJAB POWER DEVELOPMENT COMPANY LIMITED (the "Seller"), a company registered under the Companies Act, 2017, with its registered office located at 2-A, Zafar Ali Road, Gulberg V, Lahore.

(The Purchaser and the Seller may hereinafter individually be referred to as a "Party" and collectively, as "the Parties")

WHEREAS:

1. The Purchaser and the Seller entered into the Energy Purchase Agreement on 15th September 2023 (as amended from time to time) (the "Existing EPA"), pursuant where to, the Seller owns the Plant located at Pakpattan (2.82 MW);

NOW THEREFORE; in consideration of the above mutual benefits to be derived and representations and warranties, conditions and undertakings herein contained, the Parties hereby agree as follows:



1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined herein or if the context otherwise requires, all capitalized terms used in this MOU shall have the meanings assigned to them under the Existing EPA.

1.2 Interpretation

The rules of interpretation set out in the Existing EPA shall be applied in the interpretation of the terms and provisions of this MOU.

2. TERMS & CONDITIONS

2.1 Effective Date & Execution as an Agreement

This MOU shall become effective on _____ (the "Effective Date"), and shall be construed as an agreement and shall thereafter be legally binding between the Parties from the Effective Date.

2.2 Voluntary Amendment of the Existing EPA

a. The Parties hereby agree to amend the Existing EPA as of the Effective Date. The Parties have agreed to the following terms and conditions which shall be incorporated in the "Amended EPA":

- i. The tariff regime shall be converted from the existing "Take-or-Pay" basis to a "Take-and-Pay" structure with a must-run condition. Under this arrangement, the hydrological risk shall be borne by the Seller. Any electricity generated in excess of the determined annual benchmark energy shall be compensated at 10% of the prevailing tariff.
- ii. The Seller proposes the revision of the annual benchmark energy from 21.671 GWh to 14.707 GWh, based on various operational and technical considerations. In support of this revision, relevant evidence has been submitted to the National Electric Power Regulatory Authority (NEPRA), including, inter alia, data relating to annual canal closure days and changes in forced and scheduled outages. NEPRA shall review the matter on its merits, in consultation with the Seller, the power purchaser (MEPCO), and other relevant stakeholders, including the Punjab Irrigation Department, in order to determine whether the proposed revision to the annual benchmark energy is justified.
- iii. All Operations and Maintenance (O&M) cost components, whether fixed or variable, and irrespective of foreign or local origin, shall be indexed annually to the National Consumer Price Index (NCPI) only.
- iv. The upward USD indexation of Return on Equity (RoE) and Return on Equity During Construction (RoEDC) shall be discontinued with effect from January 01, 2026. Accordingly, RoE and RoEDC shall be fixed at a USD-PKR exchange rate of PKR 280.55, being the prevailing rate as of December 31, 2025. Any future downward adjustment resulting from appreciation of the PKR against the USD shall be applied annually.
- v. The insurance cost during the operational phase of the Project is to be reduced from the existing cap of 1.35% of EPC cost to a maximum cap of 0.8% of EPC cost, or actual cost incurred, whichever is lower.
- vi. Withholding tax on dividends at the rate of 7.5% shall not be claimed/treated as a pass-through item.



- vii. Being a Provincial Government-owned plant, the **Water Use Charge** payable to the Government of Punjab shall **not** form part of the tariff with effect from the Effective Date.
- viii. The Seller agrees to waive, abandon, and relinquish all rights and claims it may have with respect to late payment interest as of 31st December 2025 from the Purchaser. For clarity, it includes the late payment charges that will arise from payments made up to 31st December 2025.
- ix. The late payment charges under the Existing EPA shall be calculated at Three Month (03) KIBOR + 1% (prevailing on the Due Date of the invoice without any further variance/fluctuation) per annum on any amount payable in Rupees against Principal Invoices calculated for the actual number of days for which the relevant amount remains unpaid on the basis of 365 days year, without compounding, with effect from the Effective Date.

3. TARIFF MODIFICATION PETITION

- 3.1 The Seller shall develop a tariff modification request to be submitted to NEPRA as a necessary condition to bring into effect the terms of section 2.2 of this MOU (the "Tariff Modification Petition").
- 3.2 The Seller and the Purchaser shall, within fifteen (15) working days from the approval of this MOU from competent authority, file the Tariff Modification Petition before NEPRA. The revised tariff shall be effective from the date of notification (the "Revised Tariff Effective Date").
- 3.3 From the Effective Date, billing and invoicing shall be as per the revised tariff by NEPRA, pursuant to section 3.2 above; till then, the current tariff mechanism shall continue.

4. OVERRIDING EFFECT

The Agreement which shall be made in pursuance of this MOU shall override and have effect over all contracts and agreements between the Parties, prior to the Effective Date, notwithstanding any contract or arbitration agreement or provision to the contrary or otherwise, in any contract, including the Existing EPA, to which the Parties are or may be a party.

5. GOVERNING LAW

5.1 Governing Law

This MOU and the Agreement which shall be made in pursuance of this MOU shall be governed by and construed in accordance with the laws of Pakistan.

6. SUCCESSORS AND ASSIGNS

This MOU shall be applicable upon and inure to the benefit of, and be enforceable by, the respective successors, permitted assigns and transferees of the Parties hereto.

7. REPRESENTATION AND WARRANTIES

Each Party represents and warrants to and for the benefit of the other Party that it has full power and authority of entry into this MOU and the execution thereof will not require any further consent or approval of any Person.



8. COPIES OF THE AGREEMENT TO BE DEEMED ORIGINAL

This MOU will be prepared in duplicate and every copy of the MOU will be considered and deemed to be original.

IN WITNESS WHEREOF, the Parties have entered into this MOU in and on the date and place first above written.

For and on behalf of:

MEPCO ELECTRIC POWER COMPANY

By: [Signature]

Name: Muhammad Sohail Ahmed

Title: DG (MIRAD), MEPCO

For and on behalf of:

PUNJAB POWER DEVELOPMENT
COMPANY LIMITED

By: [Signature]

Name: ADNAN MUDASSAK

Title: CEO

Witness: [Signature]

Name: IRFAN RAFIQUE

CNIC #: 35202-1957691-1

Witness: [Signature]

Name: Rana Muhammad Nadeem

CNIC #: 35202-2244254-9



A

**E-STAMP
(GOVERNMENT OF PUNJAB)**



PB-LHR-DF415219E9851881

PSID-40172608188766444

Rs 500/-

Five Hundred Rupees Only

Deed Name	: AGREEMENT OR MEMORANDUM OF AN AGREEMENT - 5(ccc)
First Party	: Punjab Power Development Company Ltd [3520223]
Second Party	: MEPCO [3520223792347]
Recipient	: Muhammad Naveed [35202-2379234-7]
Issue Date	: 18-Aug-2026, 03:40:09 PM
Stamp Duty Paid by	: Punjab Power Development Company Ltd [3520223792347]
Paid Through Challan	: 20266ACFBF35A26F

Please Write Below This Line

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is entered into at Islamabad on this 19 day of August 2026, by and between:

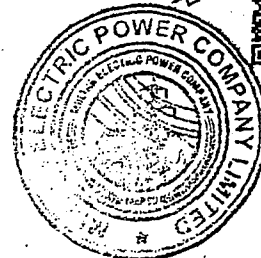
- ✓ (1) MEPCO ELECTRIC POWER COMPANY, a company registered under the Companies Act, 2017, with its registered office located at MEPCO HQ, Khanewal Road, Multan, Pakistan (the "Purchaser"); and
- (2) PUNJAB POWER DEVELOPMENT COMPANY LIMITED (the "Seller"), a company registered under the Companies Act, 2017, with its registered office located at 2-A, Zafar Ali Road, Gulberg V, Lahore.

(The Purchaser and the Seller may hereinafter individually be referred to as a "Party" and collectively, as "the Parties")

WHEREAS:

1. The Purchaser and the Seller entered into the Energy Purchase Agreement on 15th September 2023 (as amended from time to time) (the "Existing EPA"), pursuant where to, the Seller owns the Plant located at Pakpattan (2.82 MW);

NOW THEREFORE; in consideration of the above mutual benefits to be derived and the representations and warranties, conditions and undertakings herein contained, the Parties hereby agree as follows:



1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined herein or if the context otherwise requires, all capitalized terms used in this MOU shall have the meanings assigned to them under the Existing EPA.

1.2 Interpretation

The rules of interpretation set out in the Existing EPA shall be applied in the interpretation of the terms and provisions of this MOU.

2. TERMS & CONDITIONS

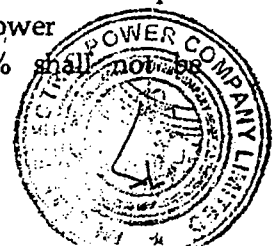
2.1 Effective Date & Execution as an Agreement

This MOU shall become effective on _____ (the "Effective Date"), and shall be construed as an agreement and shall thereafter be legally binding between the Parties from the Effective Date.

2.2 Voluntary Amendment of the Existing EPA

a. The Parties hereby agree to amend the Existing EPA as of the Effective Date. The Parties have agreed to the following terms and conditions which shall be incorporated in the "Amended EPA":

- i. The tariff regime shall be converted from the existing "Take-or-Pay" basis to a "Take-and-Pay" structure with a must-run condition. Under this arrangement, the hydrological risk shall be borne by the Seller. Any electricity generated in excess of the determined annual benchmark energy shall be compensated at 10% of the prevailing tariff.
- ii. The Seller proposes the revision of the annual benchmark energy from 21.671 GWh to 14.707 GWh, based on various operational and technical considerations. In support of this revision, relevant evidence has been submitted to the National Electric Power Regulatory Authority (NEPRA), including, inter alia, data relating to annual canal closure days and changes in forced and scheduled outages. NEPRA shall review the matter on its merits, in consultation with the Seller, the power purchaser (MEPCO), and other relevant stakeholders, including the Punjab Irrigation Department, in order to determine whether the proposed revision to the annual benchmark energy is justified.
- iii. All Operations and Maintenance (O&M) cost components, whether fixed or variable, and irrespective of foreign or local origin, shall be indexed annually to the National Consumer Price Index (NCPI) only.
- iv. The upward USD indexation of Return on Equity (RoE) and Return on Equity During Construction (RoEDC) shall be discontinued with effect from January 01, 2026. Accordingly, RoE and RoEDC shall be fixed at a USD-PKR exchange rate of PKR 280.55, being the prevailing rate as of December 31, 2025. Any future downward adjustment resulting from appreciation of the PKR against the USD shall be applied annually.
- v. The insurance cost during the operational phase of the Project is to be reduced from the existing cap of 1.35% of EPC cost to a maximum cap of 0.8% of EPC cost, or actual cost incurred, whichever is lower.
- vi. Withholding tax on dividends at the rate of 7.5% shall not be claimed/treated as a pass-through item.



- vii. Being a Provincial Government-owned plant, the Water Use Charge payable to the Government of Punjab shall not form part of the tariff with effect from the Effective Date.
- viii. The Seller agrees to waive, abandon, and relinquish all rights and claims it may have with respect to late payment interest as of 31st December 2025 from the Purchaser. For clarity, it includes the late payment charges that will arise from payments made up to 31st December 2025.
- ix. The late payment charges under the Existing EPA shall be calculated at Three Month (03) KIBOR + 1% (prevailing on the Due Date of the invoice without any further variance/fluctuation) per annum on any amount payable in Rupees against Principal Invoices calculated for the actual number of days for which the relevant amount remains unpaid on the basis of 365 days year, without compounding, with effect from the Effective Date.

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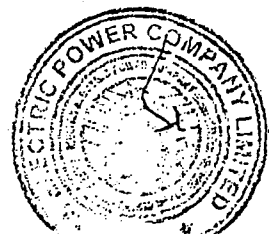
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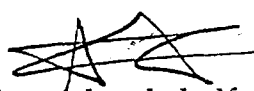


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For and on behalf of:


For and on behalf of:

MEPCO ELECTRIC POWER COMPANY

PUNJAB POWER DEVELOPMENT
COMPANY LIMITED

By: 

By: _____

Name: Muhammad Shahid Ahmed

Name: AONAW MUDASSAR

Title: DG(MIRAD), MEPCO

Title: CEO

Witness: J. Rafique

Witness: HL

Name: IRFAN RAFIQUE

Name: Rana Muhammad Nadeem

CNIC #: 35202-1957691-1

CNIC #: 35202-2244254-9

