1247-LET-HNDS-NEPR-6499

04 August 2026

The Registrar
National Electrical Power Regular Authority
NEPRA Tower Attaturk Avenue (East), G-5/1, Islamabad
Tel: +92 51 9206500
Fax: +92 51 2600021

Subject: Submission of Tariff Modification Petition to National Electrical Power Regulatory Authority (NEPRA) by HNDS Energy Limited

Dear Sir,

This is with reference to the decision of Authority for determination of reference tariff of **HNDS Energy Limited** (the "Company"), bearing reference No. **NEPRA/R/TRF-481/HPPL-2019/6094-6096** dated **21 February 2020**.

Pursuant to Section 7 and 31 of The Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Rule 3 of the NEPRA (Tariff Standard and Procedure) Rules, 1998 read with other applicable NEPRA laws, we, the Company hereby submit the enclosed 'Tariff Modification Petition' with respect to the Authority's Decision on the basis of the grounds, facts and information provided therein (the "Application").

We hereby request your good office to submit the enclosed Application to the Authority for an early determination. This Application is submitted in triplicate together with:

a) Certified extract of the board resolutions of the Company, authorized Mr Jawad Ali Country Manager of the Company to file the Application;
b) A pay order # 11844735 in favour of National Electric Power Regulatory Authority amounting PKR 747,777/- (Pakistani Rupees Seven Hundred Forty-Seven Thousand Seven Hundred Seventy-Seven Only)
c) The Affidavit of Jawad Ali, Country Manager of the Company.

Thank you and with kind regards,

Yours Sincerely,

For & Behalf of:
HNDS Energy Limited

Jawad Ali
Authorized Representative

EXTRACT OF CIRCULAR RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HNDS ENERGY LIMITED ON 17 JULY 2026

*"**UNANIMOUSLY RESOLVED THAT**, pursuant to Sections 7 and 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Rule 3 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 and all other applicable laws and regulations, the Company be and is hereby authorized to prepare, submit and pursue a tariff modification petition before the National Electric Power Regulatory Authority ("NEPRA") seeking modification of the Reference Tariff Determination dated 21 February 2020 issued in Case No.* NEPRA/R/TRF-479/HNDS-2019/6094-6096.*"*

*"**FURTHER RESOLVED THAT**, the tariff modification petition shall request NEPRA to approve and provide for the following modifications to the Reference Tariff Determination:*

a) The targeted maximum construction period allowed to the Company shall be ten (10) months from the Construction Start Date as defined in the Energy Purchase Agreement ("EPA");

b) Interest During Construction ("IDC") shall be computed at Commercial Operations Date ("COD") on the basis of the actual timing of debt drawdowns within the overall debt quantum allowed by NEPRA for the project construction period of ten (10) months commencing from the Construction Start Date;

c) Return on Equity During Construction ("ROEDC") shall be adjusted at COD on the basis of actual equity injections, within the overall equity quantum allowed by NEPRA, made during the project construction period of ten (10) months commencing from the Construction Start Date; and

d) The allowed construction period shall be extended on a day-for-day basis to account for any Force Majeure Events affecting the construction and commissioning of the project."

*"**FURTHER RESOLVED THAT**, the Chief Executive Officer, any Director, the Company Secretary, and/or any other officer or authorized representative of the Company, including Mr. Anas Bin Akram (Accounting, Tax and Reporting Manager) be and are hereby singly authorized and empowered, on behalf of the Company, to prepare, finalize, execute, sign, swear, verify, file, submit and amend the tariff modification petition and any affidavits, statements, applications, submissions, replies, rejoinders, undertakings, agreements, powers of attorney, authorizations and other documents required in connection therewith, and to appear before NEPRA and undertake all such acts, deeds and things as may be necessary or desirable to give effect to these resolutions."*

*"**FURTHER RESOLVED THAT**, M/s Bridge Factor through Mr. Yasar Najib and Mr. Muhammad Sikander Amir be and is hereby authorized to act as the Company's regulatory consultant and representative before NEPRA for purposes of preparing, filing, submitting, pursuing and responding to the tariff modification petition and any related applications, submissions, replies, rebuttals, rejoinders, clarifications, information requests and other correspondence or proceedings before NEPRA; provided that Bridge Factor shall not have any authority to execute or sign any document on behalf of the Company, make any decision, admission, undertaking, commitment or settlement, or otherwise bind the Company, except to the extent expressly approved in writing by the Company through its duly authorized officers or representatives."*

*"**FURTHER RESOLVED THAT**, all actions taken by the management of the Company in connection with the preparation of the tariff modification petition and supporting documentation prior to the passing of these resolutions are hereby ratified, confirmed and approved."*

CERTIFIED TO BE TRUE COPY



Yumna N Khan
Company Secretary

Registered Office Address:
G-30/4 KDA Scheme No. 5, Block-8, Clifton Karachi, Pakistan
U.A.N.: +92-21-111-176-527, Ph: +92-21-35360583-4, +92-21-35304863-4

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Gerry's Center, 1-B 3rd Floor, Service Road West, 7th Avenue,
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E-STAMP
(Islamabad Capital Territory)

ICT- E05D211DA1FF4152

PSID- 1012300032652416985

Rs 100/-

One Hundred Rupees Only

Purpose	: AFFIDAVIT - 4
Applicant	: SHAHZAD KHAN [12201-4718967-5]
Representative From	: HNDS ENERGY LIMITED
Address	: ISLAMABAD
Issue Date	: 03-Aug-2026, 04:35:10 PM
Delisted On/Validity	: 18-Aug-2026
Paid Through Challan	: 202632361CU9C526
Reason	: FOR AFFIDAVIT

نوٹ: یہ ٹرانزیکشن تاریخ اجرا سے پندرہ دنوں تک کے لیے قابل استعمال ہے۔ای اسٹامپ کی تصدیق بذریعہ ویب سائیٹ، کیوآر کوڈ سے کی جاسکتی ہے۔

---------- Please Write Below This Line ----------

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

HNDS ENERGY LIMITED at ISLAMABAD

AFFIDAVIT

I, Jawad Ali, Country Manager of HNDS Energy Limited with its registered office located at G-30/4 KDA Scheme No. 5, Block-8, Clifton Karachi, Pakistan do hereby declare and affirm on oath as under:

1. That the accompanying Tariff Modification Petition has been filed before the National Electric Power Regulatory Authority and the contents of the same may kindly be read as an integral part of this affidavit.

2. That the contents of the accompanying Tariff Modification Petition are true and correct to the best of my knowledge and belief and nothing has been concealed or mis-stated therein.

Name: Jawad Ali
Designation: Country Manager
Date: 03 Aug 2026

Verification

Verified on oath at Islamabad on this 03 Aug 2026 that the contents of the above affidavit are true and correct to the best of my knowledge and belief.

Name: Jawad Ali
Designation: Country Manager

ATTESTED
TARIQ IQBAL MAHER
Advocate High Court
Notary Public
ISLAMABAD

BEFORE

THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

TARIFF MODIFICATION PETITION

PURSUANT TO SECTIONS 7 AND 31 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997, RULE 3 OF THE NEPRA (TARIFF STANDARDS AND PROCEDURE) RULES, 1998 READ WITH OTHER APPLICABLE NEPRA LAWS

BY

HNDS ENERGY (PVT.) LIMITED

A SOLAR POWER PROJECT OF 50 MWP

AT

GOTH GAGRAWARA, TALUKA SALEH PAT, DISTRICT SUKKUR, SINDH, PAKISTAN

IN RESPECT OF THE AUTHORITY'S REFERENCE TARIFF DETERMINATION DATED FEBRUARY 21, 2020, CASE NO. NEPRA/R/TRF-479/HNDS-2019/6094-6096

MODIFICATION PETITION DATE: 04 AUGUST 2026

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1. EXECUTIVE SUMMARY

1.1 HNDS Energy (Private) Limited, the Petitioner, has developed, constructed and commissioned a 50 MWp solar photovoltaic power project at Goth Gagrawara, Taluka Saleh Pat, District Sukkur, Sindh, Pakistan. As a state-of-the-art renewable energy facility, the Project represents one of the cheapest and greenest sources of energy generation for the national grid, directly advancing the national mandate for affordable and sustainable power.

1.2 The Authority issued the Reference Tariff Determination for the Project on 21 February 2020, which approved a construction period of ten (10) months and provided for adjustment of Interest During Construction ("**IDC**") and Return on Equity During Construction ("**ROEDC**") at Commercial Operations Date ("**COD**") on the basis of actual debt drawdowns and equity injections during the approved construction period.

1.3 The Project achieved Financial Close on 19 February 2021. Following the achievement of Financial Close, the Project encountered a series of significant challenges that adversely impacted the commencement as well as the timely execution and completion of construction activities. These challenges, which are discussed in detail in this Petition, were beyond the reasonable control of the Petitioner and consequently delayed the achievement of the Commercial Operations Date (**"COD"**) which was achieved on 10 January 2024.

1.4 The Reference Tariff Determination presently links the ten-month construction period to Financial Close and provides that IDC shall be recomputed at COD on the basis of actual debt drawdowns during the ten-month period starting from FC, while ROEDC shall also be recomputed on the basis of actual equity injections during the same 10 months period starting from FC.

1.5 In the actual implementation of the Project, however, construction could not commence immediately after FC because the Project site was not available in a form that permitted construction. The delay arose from land demarcation, revised coordinates, reduced project areas as compared to originally granted leased land, redesigning, and approval-related issues involving the Government of Sindh. As a result, the Construction Start Date was achieved only on 14 June 2022, by which time the ten-month period measured from FC had already expired.

1.6 While preparing and pursuing the Petitioner's tariff true-up, it became apparent that the wording of the Reference Tariff Determination may result in the approved construction period being measured from Financial Close rather than the commencement of actual construction activities, thereby creating unintended consequences for the recovery of IDC and ROEDC.

1.7 Because construction could not commence during the ten (10) months period from FC, no meaningful debt drawdown was made during that period. The debt financing was linked to actual construction, and the Project was materially supported through sponsor funds while the land and force majeure issues were being addressed. The absence of drawdown in these circumstances should not be treated as waiver or forfeiture of construction period tariff treatment.

1.8 The EPA itself distinguishes Financial Close from the Construction Start Date. Under the EPA framework reproduced in this Petition, RCOD is measured from the Construction Start Date, and Construction Start Date is triggered by the issuance of notice to proceed to the EPC contractor and

release of funds equal to at least seven percent of EPC cost. Furthermore, Section 6.5 of the EPA expressly required the Purchaser to complete the Purchaser Interconnection Facilities (PIF) to carry out commissioning test, no later than 31 December 2021, proving the EPA itself contemplated a commissioning timeline extending well beyond ten (10) months following FC. This contractual structure confirms that actual construction is a separate implementation milestone and should be recognized for tariff true-up purposes.

1.9 Granting this limited modification protects the legitimate expectations of the Petitioner under the Policy for Development of Renewable Energy for Power Generation 2006. It ensures regulatory fairness and acknowledges the core policy mandate to allow recovery of prudently incurred costs and returns to the sponsors.

1.10 The Petitioner therefore respectfully seeks modification of the Reference Tariff Determination so that, for purposes of the pending True-Up Tariff Petition, the approved ten-month construction period is measured from the actual Construction Start Date, with appropriate treatment of established Force Majeure Events, and IDC / ROEDC are recomputed on actual, verified drawdowns and equity funding during the construction period commencing from Construction Start Date.

2. DETAILS OF THE PETITIONER

2.1. NAME AND ADDRESS

Name	:	HNDS ENERGY (PRIVATE) LIMITED
Address	:	Gerry's Plaza, 3rd Floor, 1-B, Service Road West, 7th Ave, G 6/1 G-6, Islamabad.
Phone	:	00 92 51 8913966
Fax	:	00 92 51 8898663
Email	:	jawad.ali@scatec.com

2.2. AUTHORIZED REPRESENTATIVE OF HNDS ENERGY (PRIVATE) LIMITED

Name	:	Jawad Ali
Designation	:	Country Manager
Phone	:	00 92 51 8913966
Email	:	jawad.ali@scatec.com

2.3. PROJECT SPONSORS

Project Sponsors	:	Scatec ASA and Nizam Energy (Pvt) Ltd

3. BACKGROUND INFORMATION

3.1. The Project

3.1.1 HNDS Energy (Private) Limited, the Petitioner, is a company incorporated under the laws of Pakistan and has developed, constructed and commissioned a 50 MWp solar photovoltaic power project at Goth Gagrawara, Taluka Saleh Pat, District Sukkur, Sindh, Pakistan (the **"Project"**). The Project was developed by Scatec ASA, a globally recognized renewable energy developer and independent power producer headquartered in Norway, together with its local partner, Nizam Energy (Private) Limited (collectively, the **"Sponsors"**).

3.1.2 The Project was developed under the Policy for Development of Renewable Energy for Power Generation 2006 and achieved Financial Close on 19 February 2021. The Project was financed through a combination of sponsor equity, shareholder loan and long-term debt provided by a consortium comprising Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) as the foreign currency lender and a consortium of local banks including Faysal Bank Limited, The Bank of Punjab, Pak Kuwait Investment Company and BankIslami Pakistan Limited as local currency lenders.

3.1.3 Following the achievement of Financial Close on 19 February 2021, the Project encountered a series of significant challenges that adversely impacted the commencement as well as the timely execution and completion of construction activities. These challenges, which are discussed in detail in the subsequent paragraphs, were beyond the reasonable control of the Petitioner and consequently delayed the achievement of the Commercial Operations Date (**"COD"**). As a result, the Project ultimately achieved COD on 10 January 2024.

3.2. Reference Tariff Determinations

3.2.1 The Petitioner initially pursued twice for opting the upfront tariff 2015-16 under the then applicable upfront tariff regimes. Thereafter a cost-plus tariff was awarded in Jan 2018, however, this tariff was not notified by the Federal Government in the official gazette under the NEPRA Act and therefore Petitioner was not issued Letter of Support (LOS) to proceed for achievement of financial close.

3.2.2 Accordingly, the Petitioner filed a fresh tariff petition before the Authority in July 2019, **requesting continuation of the approved tariff structure and terms and conditions, subject to certain updates necessitated by changes in technology and associated project cost parameters.**

3.2.3 After conducting the public hearing process and considering the submissions of the Petitioner and other stakeholders, the Authority issued its tariff determination dated 21 February 2020 (the **"Reference Tariff Determination"**), approving the tariff and associated terms and conditions for the Project.

3.2.4 While preparing and pursuing the Petitioner's tariff true-up petition, it became apparent that the wording of the Reference Tariff Determination may result in the approved construction period being measured from Financial Close rather than the commencement of actual construction activities, thereby creating unintended consequences for the recovery of IDC and ROEDC.

3.2.5 Through the present Petition, the Petitioner seeks a limited modification of the Reference Tariff Determination to allow the approved construction period to be measured from the Construction Start Date, rather than the date of Financial Close, for purposes of tariff implementation and true-up of costs, specifically the Interest During Construction (**"IDC"**) and Return on Equity During Construction (**"ROEDC"**). The requested modification is necessary to ensure that the approved construction-period related tariff components are assessed in a manner consistent with the Project Agreements and the actual commencement of construction activities.

4. CONSTRUCTION PERIOD RELATED PROVISIONS IN THE REFERENCE TARIFF DETERMINATION AND ENERGY PURCHASE AGREEMENT

4.1. Construction Period Framework under the Reference Tariff Determination and the EPA

4.1.1 The Reference Tariff Determination approved by the Authority envisaged a construction period of ten (10) months for the Project. In this regard, the Authority expressly provided that;

> ***"The targeted maximum construction period from prescribed date/time of FC is 10 months. No adjustment will be allowed in this tariff to account for financial impact of any delay in project construction. However, the failure of the company to complete construction within 10 months will not invalidate the tariff granted to it.[1]"***

4.1.2 The Reference Tariff Determination further provides that Interest During Construction (**"IDC"**) and Return on Equity During Construction (**"ROEDC"**) shall be adjusted at Commercial Operations Date (**"COD"**) on the basis of actual debt drawdowns and equity injections during the approved construction period of ten months commencing from FC.

> ***"IDC will be recomputed at COD on the basis of actual timing of debt draw downs (for the overall debt allowed by the Authority at COD) for the project construction period of 10 months starting from the date of FC. For foreign loan, the IDC shall also be allowed adjustment for change in applicable LIBOR."***
>
> ***"ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) during the project construction period of 10 months from the date of FC.[2]"***

4.1.3 Accordingly, the construction period assumed under the tariff determination serves as the basis for computation of IDC and ROEDC, which are important components of project cost and returns respectively.

4.1.4 While the Reference Tariff Determination measures the approved construction period from FC, the contractual framework governing implementation of the Project adopts a different approach. Under the Energy Purchase Agreement (**"EPA"**), the construction period is linked to the occurrence of the "**Construction Start Date**", which is a specifically defined contractual milestone. The EPA defines the Required Commercial Operations Date (**"RCOD"**) as follows;

> ***"Required Commercial Operations Date" or "RCOD" - The date that is ten (10) months following the date on which Construction Start Date occurs, as such date may be extended pursuant to Section 6.5, Section 6.6, Section 8.1(b), Section 8.8, or by reason of a Force Majeure Event, or any breach or default by the GOP of or under the Implementation Agreement or by the Provincial Government of or under the Site***

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[1] Section 21 of Determination of National Electric Power Regulatory Authority in the matter of Tariff Petition filed by M/s. HNDS Energy (Private) Limited for Determination of Generation Tariff in respect of 50 MWp Solar Power Project (Case No. NEPRA/TRF-479/HNDS2019)

[2] Section 21 of Determination of National Electric Power Regulatory Authority in the matter of Tariff Petition filed by M/s. HNDS Energy (Private) Limited for Determination of Generation Tariff in respect of 50 MWp Solar Power Project (Case No. NEPRA/TRF-479/HNDS2019)

Lease, any breach or default by the Purchaser of or under this Agreement, or any Non-Project Event.[3]"

The "Construction Start Date" is defined in the EPA as follows;

"Construction Start Date" - The date the 'notice to proceed' is issued by the Seller to the EPC Contractor and the release by the Seller to the EPC Contractor of funds equaling in aggregate not less than seven percent (7%) of the EPC Cost, as notified by the Seller to the Purchaser and AEDB no later than seven (7) Days after its occurrence.[4]"

4.1.5 The contractual framework therefore recognizes that actual construction can only commence once the Project site is available, engineering activities have progressed to the point of execution, and construction financing has begun to be deployed.

4.1.6 Under ordinary circumstances, these two frameworks, i.e., Reference Tariff Determination and EPA, would have operated harmoniously. The Petitioner achieved Financial Close on 19 February 2021 in accordance with the requirements of the Reference Tariff Determination and would ordinarily have proceeded immediately towards commencement of construction. In such circumstances, Construction Start Date would have closely followed Financial Close and no material distinction would have arisen between the construction period contemplated under the Reference Tariff Determination and that recognized under the EPA. However, due to circumstances beyond the Petitioner's control, the Project experienced a substantial delay in commencement of construction, resulting in a divergence between the tariff assumptions and the actual implementation framework applicable to the Project.

[3] Section 1.1 of Energy Purchase Agreement of HNDS Energy (Private) Limited

[4] Section 1.1 of Energy Purchase Agreement of HNDS Energy (Private) Limited

5. CIRCUMSTANCES LEADING TO DELAYED COMMENCEMENT OF CONSTRUCTION

5.1. Initial Lease Execution and Survey Initiation

The Project formally executed its Site Lease on September 25, 2017 for 236.66 acres, which established the defined coordinates, rights, and obligations of both the Company and the Government of Sindh (**GoS**) (**Annexure 1**). However, the Project development activities were halted due to a CCoE decision of December 2017 which restricted the development of RE projects. Subsequently, in March 2019 the CCoE amended its earlier decision and allowed the development of RE projects. Accordingly, the Project was placed in Category-2 projects with directions to move forward with development under an updated tariff determination. Accordingly, after grant of Reference Tariff Determination, the Company submitted an application to the GoS on October 22, 2020, requesting a formal demarcation of the land to facilitate the handover of possession (**Annexure 2**). In response, the GoS instructed the Survey Superintendent on January 12, 2021, to conduct the necessary demarcation (**Annexure 3**), followed by the issuance of an official survey programme on February 1, 2021, which directed relevant revenue officers to participate (**Annexure 4**).

5.2. The First Demarcation and Immediate Discrepancies

The first official demarcation was carried out on April 26-27, 2021. This survey revealed critical discrepancies:

a) the physically demarcated site measured **only 235 acres instead of the leased 236.66 acres**, official GPS coordinates were not provided, and
b) local ownership claims and encroachments were identified (**Annexure 5**).

Consequently, on June 14, 2021, the Company issued a formal notice to GoS outlining these fundamental flaws that prevented the commencement of construction (**Annexure 6**). On the same day, a Report to AEDB was submitted, indicating a Lapse of Consent due to the pending demarcation affecting Project implementation (**Annexure 7**). By June 18, 2021, CPPA-G was officially notified of the Site Lease issues and the resulting inability to begin construction, constituting a Force Majeure (FM) / Breach notice (**Annexure 8**). The tangible impact of these delays was recorded in the EPC Monthly Progress Report on June 30, 2021, which confirmed that site availability was postponed, environmental work was stalled, and the engineering design required a complete overhaul due to the altered site dimensions (**Annexure 9**).

5.3. The Second Demarcation and Escalation of Notices

Attempting to resolve the inconsistencies, the GoS conducted a second survey on July 5-6, 2021. Unfortunately, the revised site still failed to align with the original Site Lease, lacking precise GPS coordinates and remaining encumbered by local claims (**Annexure 10**). This prompted a second set of escalating notices on July 15, 2021: a secondary notice to GoS reiterating the impossibility of construction under current conditions (**Annexure 11**), and Notice under Implementation Agreement (IA) to AEDB declaring a continuing breach (**Annexure 12**).

By August 5, 2021, AEDB intervened, requesting GoS to urgently resolve the land issues given the severe project consequences (**Annexure 13**). Concurrently, the Company petitioned the Deputy Commissioner to address the mutation, GPS coordinates, boundary pegging, and the extensive local encroachments that were forcing the implementation of a massive relocation and compensation plan (**Annexure 14**). On August 11, 2021, CPPA-G formally rejected the Force Majeure claim but

acknowledged the entitlement of extension in RCOD as a consequence of the Site Lease breach (**Annexure 15**). The Company maintained its technical position in a follow-up reply on September 2, 2021 (**Annexure 16**).

5.4. Technical Redesign, Continued Defaults, and Appeals

The reduced Project area and altered coordinates forced the EPC Contractor to issue a Variation Order on August 11, 2021, to fundamentally revise the Project layout and engineering design (**Annexure 25**). On September 16, 2021, the Company dispatched detailed, comprehensive technical notices explaining the GPS changes, reduced area, and the costly delays caused by local claims to GoS (**Annexure 17**), CPPA-G (**Annexure 18**), and AEDB (**Annexure 19**).

The Government of Sindh denied the Company's claim of a breach under the site lease on October 15, 2021 (**Annexure 20**), prompting the Project Sponsors to escalate the matter directly to the Prime Minister on November 15, 2021, requesting Federal intervention (**Annexure 21**). Shortly thereafter, both AEDB (November 26, 2021) and CPPA-G (January 4, 2022) formally rejected the Company's Force Majeure Event (FME) claims, though CPPA-G acknowledged the entitlement of RCOD extension (**Annexure 22, 23**). The Company continued to highlight the unresolved demarcation issues to the GoS Energy Department on January 31, 2022 (**Annexure 24**).

5.5. Construction Start Date, Final Rectification and Social Issue Resolution

The EPA required commencement of construction within 90 days period following FC. The inability of the Petitioner to commence construction resulted in an Event of Default (Section 16.1(a)(i) of EPA) under the EPA, and a Notice of Intent to Terminate was issued on 17 March 2022 allowing the Company cure period of 90 days. Throughout this period, the Company consistently maintained that the delay was attributable to circumstances outside its control and arose from the failure to provide a site capable of supporting commencement of construction activities. Accordingly, the Company issued NTP to EPC Contractors and achieved Construction Start Date on 14-June-2022 (within cure period of 90 days).

In parallel to the legal and technical rectifications, between July 2021 and August 2022, the Company undertook a massive social resolution effort to clear the encumbered land. Adhering to strict international lender guidelines regarding Broad Community Support (BCS), the three co-located Companies collectively compensated approximately 70 affected families for their land claims, agricultural produce, and assets. This included the construction of new houses for the displaced families. This mandatory resettlement process, without which lenders refused to authorize construction, took nearly a year and incurred approximately USD 1 million in costs to the Company. One out of numerous cases has been enclosed in the **Annexure 29**, other cases can be submitted if required.

Following a protracted period of negotiation and compliance work, the Company submitted a formal Application for Rectification on August 2, 2022, requesting an extension of the implementation period and an official amendment to the lease area and coordinates (**Annexure 26**). The Government approved these amendments on November 7, 2022 (**Annexure 27**), culminating in the execution of the Final Registered Rectification Deed on November 15, 2022. This deed formally reduced the leased area from 236.66 acres to 235 acres and adopted the revised GPS coordinates and implementation clauses (**Annexure 28**).

The revised configuration required the Petitioner to not only undertake substantial redesign and reconfiguration activities but also seek approval of the relevant Govt. entities, Power Purchaser and

the Lenders of the Project, before construction could commence. As a result, the Construction Start Date was eventually achieved on 14 June 2022.

It is important to note that by the time the Construction Start Date was achieved, more than ten months had already elapsed from the date of FC. Consequently, the entire ten-month construction period assumed under the Reference Tariff Determination had effectively expired before actual construction activities could begin.

Following commencement of construction, the Project encountered additional events that adversely affected construction progress. In particular, the Project was impacted by severe flooding in the region during 2022, resulting in disruption of construction activities and damage to project works. In accordance with the provisions of the EPA, the Company submitted a force majeure claim seeking extension of the RCOD. Following review and deliberation, the Power Purchaser accepted the occurrence of the flood event and granted an extension of forty-nine (49) days (**Annexure 31**).

Subsequently, the Project was also affected by severe wind conditions that caused physical damage to solar modules and other Project facilities under installation. The Company likewise submitted a force majeure claim in respect of this event. However, despite the substantial impact of the event on project construction activities, the Power Purchaser did not accept the claim and declined to grant the requested extension which was later on challenged by the Company.

While the treatment of these events remains relevant for purposes of the Company's True-Up Tariff Petition and other contractual rights, the principal issue for purposes of the present Petition is that the Construction Start Date itself occurred after the expiry of the ten-month period measured from FC due to circumstances wholly beyond the Company's control.

5.6. Consequences of Applying the Existing Tariff Language

5.6.1 The practical consequence of applying a strict interpretation of the existing wording of the Reference Tariff Determination is that the Company would be deprived of recovery of IDC and ROEDC notwithstanding that such costs were actually incurred during implementation of the Project.

5.6.2 The tariff expressly requires IDC to be recomputed at COD on the basis of actual debt drawdowns during the approved ten-month construction period commencing from FC. Similarly, ROEDC is required to be recomputed on the basis of actual equity injections during the same period. In ordinary circumstances, debt drawdowns and equity injections would occur during the period immediately following FC as construction activities commence and project expenditures begin to be incurred.

5.6.3 However, because construction could not commence following FC due to the site-related issues described above, the Company was unable to undertake the debt drawdowns and equity injections that would ordinarily occur during the approved construction period. The financing structure of the Project was designed to support actual construction activities and, accordingly, the deployment of debt and equity was necessarily linked to commencement and execution of the works.

5.6.4 As a result, application of the existing tariff language would lead to a situation where no meaningful debt drawdowns occurred during the approved ten-month period following FC and no corresponding equity deployment took place for purposes of construction. Consequently, IDC would effectively be reduced to zero and the Company's entitlement to ROEDC would similarly be substantially reduced.

5.6.5 Such an outcome produces a result that neither envisaged in the Reference Tariff Determination nor was intended by NEPRA. The Project was constructed, financing was deployed, debt was drawn, equity was injected, and construction related financing costs were incurred. Nevertheless, because actual construction commenced after the expiry of the tariff construction period measured from FC, those costs would not be recognized under a strict application of the existing tariff language.

5.6.6 The resulting Project cost would therefore contain no cost on account of IDC and no recognition of equity employed during construction, despite the fact that both cost components are fundamental elements of project development and were expressly contemplated by the Authority in the Reference Tariff Determination.

5.7. Discovery of the Issue During the True-Up Proceedings

5.7.1 The Company has already filed its True-Up Tariff Petition before the Authority seeking adjustment of tariff at COD based upon the actual implementation of the Project. As part of those proceedings, the Company sought recognition of the actual construction period commencing from the Construction Start Date and ending on the actual COD.

5.7.2 During the processing of the True-Up Tariff Petition, it became apparent that the wording of the Reference Tariff Determination may not permit recognition of the approved construction period from the Construction Start Date. Instead, the existing provisions appear to require that the approved construction period for purposes of IDC and ROEDC be measured strictly from FC.

5.7.3 It is important to highlight that in the petition filed for the Reference Tariff Determination, the Petitioner specifically requested the continuation of the tariff structure and terms and conditions provided in the first reference tariff determination vide order No. NEPRA/TRF-406/HNDS-2017/1162-1164 dated January 25, 2018. This fact was also recognized in the Reference Tariff Determination in para 5:

"The petitioner requested to allow continuation of tariff structure and other terms & conditions as given in the Tariff Determination except for the following matters:

- ***Change in technology and resultant impact on Engineering, Procurement and Construction (EPC) Cost, Operation and Maintenance (O&M) Cost and Capacity Factor***
- ***Project Development Cost (PDC)"***

The relevant provisions of the tariff determination of the Company vide order No. NEPRA/TRF-406/HNDS-2017/1162-1164 dated January 25, 2018, under para-A ("**One Time Adjustment**") of the Order part were as follows;

"IDC will be recomputed at COD on the basis of actual timing of debt draw downs (for the overall debt allowed by the Authority at COD), applicable LIBOR and premium."

"ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) during the project construction period of ten months."

5.7.4 From the above, it is evident that in the original tariff determination which could not be implemented due to non-issuance of a gazette notification by the Federal Government, there was no linkage

between the construction period commencement from the "date of FC"; rather the Authority only stated that the IDC and ROEDC will be allowed for the construction period.

5.7.5 The Company respectfully submits that such an interpretation gives rise to an unintended consequence. While the Authority approved IDC and ROEDC as recoverable tariff components and recognized a ten-month construction period for the Project, the practical application of the existing wording would result in complete or substantial denial of those cost components solely because the commencement of construction was delayed by circumstances outside the Company's control.

6. GROUNDS FOR MODIFICATION OF THE REFERENCE TARIFF DETERMINATION

6.1 The Reference Tariff Determination Contemplated Recovery of IDC and ROEDC During the Construction Period

6.1.1 The fundamental premise of the Authority's Reference Tariff Determination is the recognition of Interest During Construction (IDC) and Return on Equity During Construction (ROEDC) as recoverable components of the Project's capital cost. By prescribing a mechanism to recompute these components at the Commercial Operations Date (COD) based on actual debt drawdowns and equity injections, the Authority acknowledged that financing costs intrinsically linked to the construction phase must be reflected in the final tariff, subject to prudence and approved cost ceilings.

6.1.2 The Petitioner respectfully submits that the underlying objective of these provisions was to ensure IDC and ROEDC are determined by actual project implementation, not by rigid, theoretical timelines that were rendered impossible by external forces. A strict interpretation of measuring the 10-month period solely from Financial Close (FC) contradicts this intent, effectively penalizing the Petitioner by eliminating these costs entirely, despite the undisputed fact that the Project was successfully financed, constructed, and commissioned. **The present Petition merely seeks to implement the Authority's established principle: that tariff determinations should reflect actual, prudently incurred project costs.**

6.1.3 The Petitioner respectfully submits that the present Petition does not seek a fresh tariff determination, enhancement of the approved tariff, revision of the approved capital cost, increase in the approved debt-to-equity ratio, increase in the approved return on equity, or any alteration to the underlying tariff philosophy adopted by the Authority. The Authority has already recognized IDC and ROEDC as recoverable tariff components and has prescribed the methodology for their computation at Commercial Operations Date. The limited relief sought through the present Petition concerns only the proper implementation of those already approved tariff components in the exceptional circumstances of this Project.

6.1.4 The Petitioner respectfully submits that the present Petition does not seek to depart from the Reference Tariff Determination. On the contrary, the relief sought enables the Reference Tariff Determination to operate in accordance with its underlying purpose. The Authority expressly recognized that IDC and ROEDC were to be determined on the basis of actual debt drawdowns and actual equity injections during the approved construction period. The present Petition merely seeks a limited modification to the commencement of that approved construction period so that the Authority's methodology can operate upon the actual implementation of the Project rather than upon a period during which construction could not legally or practically commence due to circumstances beyond the Petitioner's control.

6.2 Construction Could Not Commence Due to Circumstances Beyond the Company's Control

6.2.1 The inability to commence construction immediately following FC was not the result of any negligence or commercial inefficiency on the part of the Petitioner. As detailed in Section 5, the Petitioner achieved FC within the prescribed timeframe and maintained absolute readiness to execute the Project. However, site access was severely impeded by unresolved land demarcation and availability issues exclusively under the purview of the Government of Sindh.

6.2.2 The Petitioner respectfully submits that the present case is not one of commercial delay or inefficient project implementation. Rather, the Project was prevented from entering the construction phase because the Project site itself remained unavailable in the form contemplated under the Project Agreements. Until the Project site had been identified, redesigned, demarcated and made available for construction, the Petitioner could neither issue an effective Notice to Proceed nor prudently deploy construction financing. Consequently, the timing of debt drawdowns and equity injections was directly caused by the delayed commencement of construction, thereby creating the implementation issue which forms the subject matter of the present Petition.

6.3 The EPA Recognizes Construction Start Date as the Commencement of Construction

6.3.1 The contractual architecture governing the Project, specifically the EPA, definitively distinguishes between the achievement of financial readiness (Financial Close) and the physical mobilization of the Project (Construction Start Date). The EPA stipulates that the Construction Start Date is triggered only upon the issuance of the Notice to Proceed (NTP) to the EPC Contractor and the requisite mobilization of funds.

6.3.2 In addition to that, Section 6.5 of the EPA expressly required the Purchaser to complete the Purchaser Interconnection Works and be in a position to accept Net Delivered Energy at the Interconnection Point and carry out the Commissioning Tests no later than 31 December 2021 which is also evident from the SEPCO letter (**Annexure 30**). The significance of this provision is that the Project could not achieve COD until the commissioning and testing process had been successfully completed following the completion of interconnection facilities by the Purchaser. As the Authority is aware, commissioning and performance testing of a utility-scale solar power project is itself a process that requires a reasonable period of time following completion of construction. Accordingly, the EPA itself contemplated a project implementation timeline extending beyond the ten-month period following FC and did not proceed on the assumption that COD would necessarily occur within ten months of achievement of Financial Close.

6.3.3 This framework aligns with standard project finance principles: physical construction relies on the satisfaction of site-specific, technical, and legal prerequisites. Where these prerequisites remain outstanding due to factors beyond the project company's control, it is commercially and logically inconsistent to treat the construction period as having commenced.

6.3.4 While the Reference Tariff Determination and the Energy Purchase Agreement are distinct legal instruments, they collectively govern the implementation of the same Project and should therefore be interpreted harmoniously wherever reasonably possible. The Reference Tariff Determination establishes the economic framework of the Project whereas the EPA governs the contractual implementation of that framework. Where both instruments recognize the same approved construction period but differ only as to the reference point from which that period is measured, a construction that gives effect to both instruments simultaneously is to be preferred over one that creates an artificial inconsistency between tariff implementation and actual project execution.

6.3.5 Modifying the tariff's measurement period to commence from the actual Construction Start Date harmonizes the regulatory framework with the governing contractual agreements, eliminating the current structural inconsistency.

6.4 The Existing Wording Produces an Unintended and Inequitable Outcome

6.4.1 Applying a rigid interpretation to the existing tariff wording yields an outcome that is inconsistent with the factual implementation of the Project and commercially inequitable. It is an undisputed fact that the Project was constructed, debt was drawn, sponsor equity was injected, and corresponding financing costs were incurred to bring the 50 MWp facility online.

6.4.2 However, strictly measuring the 10-month window from FC would reduce the allowable IDC to zero and substantially diminish ROEDC. This operates under the flawed assumption that no financing costs were incurred during the actual physical construction phase. Such an outcome contravenes the Authority's established practice of grounding tariff true-ups in actual project realities and imposes an unmerited financial penalty on the Petitioner.

6.5 Consistency with Previous Determinations of the Authority

(A) Cases of 10 Wind Power Project Achieved Financial Close on 18 November 2019

6.5.1 In the cases of 10 wind power projects for which Authority has recently issued tariff true up decisions, the financial close was achieved on 18 November 2019 and the allowed construction period was 15 months after financial close. The actual Construction Start Date of all these projects was achieved in June/July 2020. It is relevant to highlight here that the Power Purchaser and the Government accepted the claim of Other Force Majeure Event (OFME) relating to COVID-19 for the period from 06 February 2020 to 30 September 2020. This FME period was also acknowledged by the Authority in its true up decisions.

6.5.2 In determining the admissible IDC and ROEDC for these projects, the Authority did not apply the construction period by reference solely to the passage of time following Financial Close. Rather, the Authority recognized the Construction Start Date as the starting point for approved costs and returns and also considered the impact of the approved OFME period and excluded the same from the construction timeline for purposes of computation of construction-period related financing costs. Consequently, the effective construction period considered by the Authority for computation of IDC and ROEDC comprised the approved fifteen (15) months construction period after accounting for the recognized OFME period, i.e. from 01st October 2020 to 31st December 2021.

6.5.3 Below is the list of the projects referred in this precedent.

Artistic Wind Power (Private) Limited	Lakeside Energy (Pvt.) Limited
Act 2 Din Wind (Private) Limited (AWPL)	Liberty Wind Power 1 (Pvt.) Limited
Din Energy Limited	Liberty Wind Power 2 (Pvt.) Limited
Gul Ahmed Electric Limited	Metro Power Company Ltd. (MPCL)
Indus Wind Energy Limited	NASDA Green Energy (Pvt.) Limited

6.5.4 For ease of reference, the Petitioner has reproduced below the relevant discussion from one of the said projects, namely Artistic Wind Power (Private) Limited, Decision No. NEPRA/R/ADG(Trf)/TRF-490-AWPPL-2019/61-65 dated 02 January 2026.

6.5.5 In the said case, the reference tariff determination provided as follows;

> *"**The targeted maximum construction period after financial close is fifteen months.** No adjustment will be allowed in this tariff to account for financial impact of any delay in project construction.*

However, the failure of the company to complete construction within fifteen months will not invalidate the tariff granted to it."

"IDC will be recomputed at COD on the basis of actual of debt draw downs (for the overall debt allowed by the Authority at COD) for the ***project construction period of fifteen months allowed by the Authority****"*

"ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) for the ***project construction period of fifteen months allowed by the Authority.****"*

6.5.6 It is respectfully submitted that, although the tariff determination in the above case contemplated a fifteen-month construction period following Financial Close, the Authority, while undertaking the true-up exercise, considered the actual circumstances affecting project implementation and considered Construction Start Date as the reference point for the approved construction period while determining the admissible IDC and ROEDC. The Authority therefore ensured that the approved construction-period related financing costs were assessed in a manner consistent with the realities of project execution rather than through application of the Financial Close date.

6.5.7 The Petitioner respectfully submits that the principle emerging from the aforesaid decisions is directly relevant to the present Petition. The Authority recognized that construction period related financing costs should be evaluated having regard to the actual construction period. The modification sought through the present Petition is consistent with this approach and merely seeks to ensure that the approved construction period is applied in a manner that reflects the actual commencement and execution of construction activities for the Project.

(B) Case of Foundation Wind Energy – I (Private) Limited

6.5.8 In case of Foundation Wind Energy – I (Private) Limited, the Authority allowed the Company in its Reference Tariff determination to commence construction period from "Construction Start Date" in alignment with what was mentioned in EPA;

"The petitioner will be allowed adjustments at the COD for maximum project construction period of 18 months starting from the construction start date stipulated in the EPA.[5]"

6.5.9 The principle emerging from the aforesaid decision is directly relevant to the present Petition. The Authority recognized that the construction period should commence from the construction start date under the EPA, which is exactly the same position the company is requesting the Authority to implement in the Reference Tariff Determination of the Company.

6.6 Principles of Regulatory Fairness and Legitimate Expectation

6.6.1 Throughout the Project's lifecycle, the Petitioner operated under the regulatory expectation that actual, prudently incurred financing costs would be recognized, as expressly permitted in the

[5] Section 6.3 of Determination of National Electric Power Regulatory Authority in the matter of Tariff Petition filed by Foundation Wind Energy-I Ltd. (Case No. NEPRA/TRF-188/FWEL-2011)

Reference Tariff Determination. The Petitioner successfully achieved FC, secured complex financing from international and domestic lenders, injected substantial sponsor equity, and commissioned the Project despite unprecedented, uncontrollable challenges.

6.6.2 Denying legitimate cost recovery due to a technical anomaly in timeline measurement undermines the principles of regulatory fairness, equity, and predictability. The requested modification is vital for sustaining investor confidence in Pakistan's renewable energy sector as the Project represents one of the cheapest and greenest sources of energy generation for the national grid and ensuring the tariff remains proportionate to the extraordinary circumstances navigated by the Project.

6.6.3 Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998, provides specific standards that all tariffs must meet, emphasizing that tariffs should be calculated comprehensively to reflect the actual costs of the project. Specifically, Rule 17(3)(i) and 17(3)(ii) reinforce that tariffs should allow the recovery of all reasonable and prudent costs incurred in the provision of electric power and must provide a reasonable rate of return on capital. The modification sought ensures that those standards are applied to the actual implementation of the Project rather than to a construction period that had expired before construction could practically commence.

6.6.4 Denying the Petitioner its actually incurred Interest During Construction (IDC) and Return on Equity During Construction (ROEDC) due to a force majeure event and government-level land issues over which the Petitioner had no control fundamentally violates these standards. The Tariff Rules dictate that regulatory mechanisms must reflect practical project realities rather than theoretical timelines that external events have rendered impossible. Shifting the measurement of the 10-month construction window to the actual Construction Start Date aligns the tariff true-up process with the established standards of Rule 17, ensuring that only actual, verified, and prudently incurred costs are factored into the final tariff.

6.6.5 The Petitioner's legitimate expectations are further grounded in the Policy for Development of Renewable Energy for Power Generation 2006, under which this Project was developed. The foundational premise of the RE Policy 2006 is to incentivize private sector investment by offering a viable tariff regime that not only ensures the recovery of actual, prudently incurred development and financing costs but also appropriate returns to the developers. Denying the Petitioner its actually incurred IDC and ROEDC would contravene the Policy's core investor protections.

6.7 Modification is Necessary to Give Effect to the Original Intent of the Reference Tariff Determination

6.7.1 Ultimately, this Modification Petition does not request a departure from the Authority's established tariff philosophy. Rather, it seeks to operationalize the Authority's original intent: that IDC and ROEDC be compensated based on the actual deployment of funds during a defined, 10-month construction window.

6.7.2 By measuring the approved construction period from the Construction Start Date rather than Financial Close, the Authority will restore the intended regulatory balance, align the tariff with the EPA, and ensure fair recognition of the financing costs actually incurred to bring this critical renewable infrastructure online. For these reasons, the Petitioner respectfully submits that the modification is justified, necessary, and entirely consistent with NEPRA law.

7. PRAYER

7.1 In light of the foregoing, the Petitioner respectfully prays that the Authority may be pleased to admit and allow this Tariff Modification Petition and modify the Reference Tariff Determination as requested herein.

7.2 Specifically, the Petitioner respectfully requests the Authority to modify the provisions Reference Tariff Determination related to allowed construction period, computation of IDC and ROEDC as per the following:

a) The targeted maximum construction period allowed to the Petitioner is ten (10) months from the Construction Start Date as defined the in EPA.
b) IDC to be computed at COD on the basis of actual timing of debt draw downs (for the overall debt allowed by the Authority at COD) for the Project construction period of ten (10) months starting from the Construction Start Date.
c) ROEDC to be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) during the project construction period of ten (10) months from Construction Start Date.
d) Allow a day-for-day extension of the allowed construction period to account for the Force Majeure Events.

7.3 The Petitioner submits that the requested modification is limited, evidence-based, and consistent with the principles of consumer protection. It seeks to avoid a punitive and unintended interpretation of the Reference Tariff Determination that would unfairly transfer externally caused IDC and ROEDC costs to the Petitioner, despite the delays being rooted in Government of Sindh land issues and Force Majeure Events.

7.4 Considering the commercial significance of the requested relief and its direct impact on the finalization of the pending True-Up Tariff Petition, the Authority is humbly requested to process this Tariff Modification Petition on an urgent basis.

RESPECTFULLY SUBMITTED

FOR AND ON BEHALF OF THE PETITIONER



Jawad Ali
Country Manager
HNDS ENERGY LIMITED
DATE: 04 August 2026

8. ANNEXURES

Annexure Reference	Event / Subject
Annexure 1	Registered Site Lease Agreement
Annexure 2	Application for Demarcation of Land
Annexure 3	Letter from Addl. DC / Survey Superintendent
Annexure 4	Survey Superintendent Letter
Annexure 5	First Survey / Demarcation Report
Annexure 6	Letter to GoS
Annexure 7	Lapse of Consent Report to AEDB
Annexure 8	FM / Breach Notice
Annexure 9	Relevant extracts of EPC Progress Report
Annexure 10	Second Survey Report
Annexure 11	Letter to GoS
Annexure 12	Notice to AEDB
Annexure 13	AEDB Letter to GoS
Annexure 14	Letter to Deputy Commissioner
Annexure 15	CPPA-G Letter
Annexure 16	Company Reply
Annexure 17	Letter to GoS
Annexure 18	Letter to CPPA-G
Annexure 19	Letter to AEDB
Annexure 20	GoS Letter to AEDB
Annexure 21	Letter to Prime Minister
Annexure 22	AEDB Letter
Annexure 23	CPPA-G Letter
Annexure 24	Letter to Director, Energy Dept GoS
Annexure 25	Variation Order for Design Change
Annexure 26	Application for Rectification of Lease

Annexure 27	LU Approval for Lease Amendment
Annexure 28	Registered Rectification Deed
Annexure 29	One of the many Agreements with Local
Annexure 30	SEPCO Correspondence
Annexure 31	Extension Letter