



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/LAG-209/ 6527-30

June 18, 2014

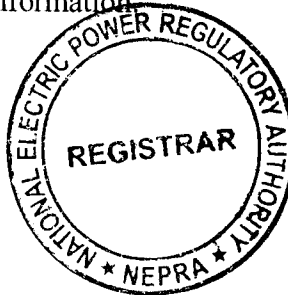
Mr. Sirajuddin Soomro
Chief Executive Officer
Hi-Tech Pipe & Engineering Industries (Pvt.) Limited
X-22, Extension Area, S.I.T.E.,
Karachi

Subject: Determination of the Authority in the matter of Licensee Proposed Modification of Hi-Tech Pipes & Engineering Industries (Pvt.) Limited in Generation Licence No. SGC/86/2012.

Reference: Your letter No. nil, dated July 20, 2013.

Enclosed please find herewith determination of the Authority in respect of application filed by M/s Hi-Tech Pipes & Engineering Industries (Pvt.) Limited for modification of its Generation Licence No. SGC/86/2012 for information.

Encl:/As above



(Syed Safeer Hussain)

Copy to:

1. Chief Executive Officer, Hyderabad Electric Supply Company (HESCO), WAPDA Water Wing Complex, Hussainabad, Hyderabad
2. Managing Director, Sui Southern Gas Co. Ltd. SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal Karachi – 75300
3. Director General, Pakistan Environmental Protection Agency, Plot No. 41, Street No. 6, H-8/2, Islamabad.

National Electric Power Regulatory Authority
(NEPRA)

Determination of the Authority
in the Matter of Licensee Proposed Modification (LPM) of
Hi-Tech Pipes & Engineering Industries (Pvt.) Limited

June 12, 2014
Case No. LAG-209

(A). Background

(i). The Authority granted a Generation Licence (No. SGC/86/2013, dated June 24, 2013) to Hi-Tech Pipes & Engineering Industries (Pvt.) Limited (HTP&EIPL) for its 15.00 MW Captive Power Plant (CPP), located at SITE Kotri, District Jamshoro, in the Province of Sindh.

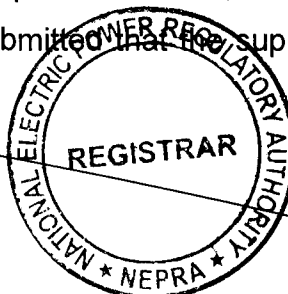
(ii). The Authority also allowed HTP&EIPL supplying surplus electric power to the tune of 8.00 MW to Hyderabad Electric Supply Company Limited (HESCO) on take and pay basis.

(B). Communication of LPM

(i). HTP&EIPL communicated an LPM in terms of Regulation 10 (2) of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999 (the Regulations) on July 30, 2013.

(ii). HTP&EIPL in the "Text of the proposed Modification" & "Statement of reasons in support of the Modification" informed that it intends supplying to Premier Oil Industries (POI) as a Bulk Power Consumer (BPC) in terms of Section 22 of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the NEPRA Act).

(iii). Regarding the "Impact on Tariff", "Quality of Service (QoS)" and "Performance", HTP&EIPL submitted that the supplying to POI would not have



any adverse effect on its already determined Tariff for supplying to HESCO. Further, QoS and its Performance under the existing Generation Licence will not be affected through the LPM.

(C). Processing of LPM

(i). After completion of all the required information as stipulated under the Regulation 10 (2) and 10 (3) of the Regulations by HTP&EIPL, the Registrar accepted the LPM as required under the Regulation 10 (4) of the Regulations.

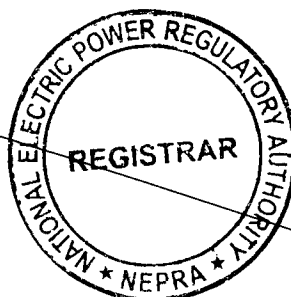
(ii). A Notice of Admission (NoA) about the communicated LPM was published in the Newspapers of August 24, 2013, seeking comments of general public and other stakeholders in favor or against the proposed LPM. Apart from the NoA in the press, separate notices were also sent to experts, Government Ministries/Agencies and representative organizations etc. inviting their views and comments.

(D). Comments of Stakeholders

(i). In response to the NoA of LPM in the press and subsequent correspondences made with other stakeholders, NEPRA received comments from three (03) stakeholders including Central Power Purchasing Agency (CPPA) of National Transmission and Dispatch Company Limited (NTDC), Kotri Association of Trade & Industry (KATI), and Ministry of Petroleum & Natural Resources (MoP&NR).

(ii). The salient points of the comments offered by the above mentioned stakeholders are summarized in the following paragraphs: -

- (a). CPPA expressed its no reservation to LPM of HTP&EIPL subject to the fulfillment of all the conditions laid in the NEPRA Licensing (Generation) Rules 2000 (the Rules);



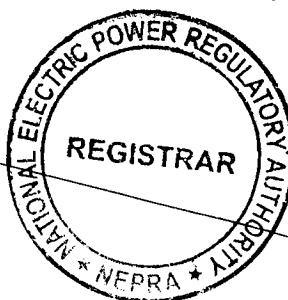
- (b). KATI commented that the LPM of HTP&EIPL will help to control the current power crises in the country by supplying directly to POI and supported the same;
- (c). MoP&NR submitted that Sui Southern Gas Company (SSGC) has allocated Natural Gas to HTP&EIPL for its CPP for Self-use only. Now, HTP&EIPL intends supplying to another factory which is against the Gas Allocation Policy and terms & conditions of the Gas Sale Agreement (GSA). Therefore, the LPM of HTP&EIPL does not merit any consideration and the same would create an uncontrollable precedent for other CPPs;

(iii). The comments of the stakeholders were examined and found to be supportive except that of MoP&NR. The same were forwarded to HTP&EIPL for filing rejoinder however, no reply was received. Meanwhile, the Authority in a similar case of the LPM of Mekotex (Private) Limited (MPL) had decided holding a Hearing of stakeholders including SSGC, MoP&NR, MoW&P, HESCO and HTP&EIPL. Therefore, in order to be consistent, the Authority decided to hold a Hearing of the relevant stakeholders in this case as well.

(E). Hearing of Stakeholders

(i). In light of the above, notices were issued to all the above mentioned stakeholders, informing about the venue, date and time of the proposed hearing to be held on March 27, 2014.

(ii). Accordingly, the hearing was held wherein the representatives of HTP&EIPL, KATI, SSGC and MoP&NR participated. The representatives of HTP&EIPL and KATI proffered their arguments in favor of the proposal and contested that SSGC had allowed selling electric power to HESCO using the allocated Natural Gas. Therefore, HTP&EIPL may also be allowed selling electric power to BPC directly as this would not result any adverse impact on the



(iii). The Authority invited the representatives of SSGC and MoP&NR for expressing themselves on the communicated LPM. The representatives opposed the proposal of HTP&EIPL for supplying to POL on the premises that the allocated Natural Gas was meant for generating electricity for self-consumption only and cannot be allowed for selling to any BPC.

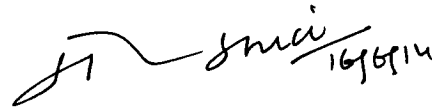
(F). Rejection of LPM

(i). In this particular case, the Authority has observed that SSGC has objected to the communicated LPM of HTP&EIP on the premise that Natural Gas is allocated for generating electricity, meant for self-use only. Moreover, SSGC has clarified that the proposal of HTP&EIP for supplying to BPC is in violation of GSA and therefore the same cannot be agreed to.

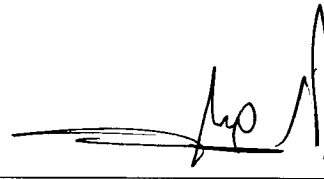
(ii). The Authority has considered the comments of the SSGC, MoP&NR, rejoinder of HTP&EIP and proceedings of the Hearing as explained above. The Authority is of the considered view that proposal of HTP&EIP is not in line with the GSA signed with SSGC, therefore, the LPM cannot be allowed. In view of the foregoing, the Authority hereby rejects the communicated LPM of HTP&EIP.

Authority

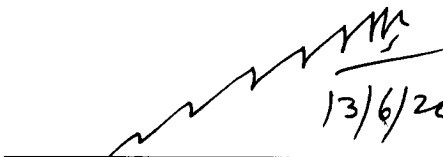
Maj. (R) Haroon Rashid
Member

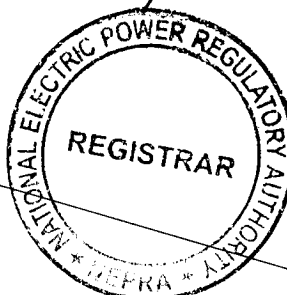

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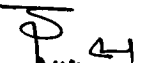
Khawaja Muhammad Naeem
Member


16/6/14

Habibullah Khilji
Member/Vice Chairman


13/6/2014




18.06.14