



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad,
Ph: 051-9206500, 9207200, Fax: 9210215
E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/R/LAG-209/ 8176-8178

June 24, 2013

Mr. Sirajuddin Soomro
Managing Director/Chairman
Hi-Tech Pipe & Engineering Industries (Pvt.) Limited
X-22, Extension Area, S.I.T.E.,
Karachi

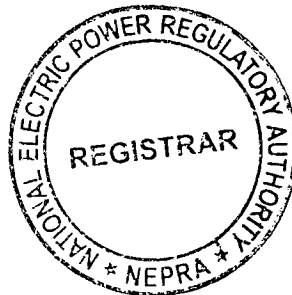
Subject: Generation Licence No. SGC/86/2012
Licence Application No. LAG-209
Hi-Tech Pipe & Engineering Industries (Pvt.) Limited

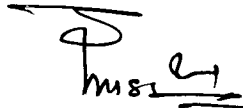
Reference: Your application vide letter No. HTPEI/851/NEPRA/2012 received in NEPRA on February 09, 2012

Enclosed please find herewith Generation Licence No. SGC/86/2013 granted by National Electric Power Regulatory Authority (NEPRA) to Hi-Tech Pipe & Engineering Industries (Pvt.) Limited, pursuant to Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997). Further, the determination of the Authority in the subject matter is also attached.

2. Please quote above mentioned Generation Licence No. for future correspondence.

Enclosure: **Generation Licence**
(SGC/86/2013)




(Syed Safer Hussain)

Copy to:

1. Chief Executive Officer, Hyderabad Electric Supply Company (HESCO), WAPDA Water Wing Complex, Hussainabad, Hyderabad
2. Director General, Pakistan Environmental Protection Agency, House No. 311, Main Margalla Road, F-11/3, Islamabad.

**National Electric Power Regulatory Authority
(NEPRA)
Islamabad – Pakistan**

GENERATION LICENCE

No. SGC/86/2013

In exercise of the Powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, the Authority hereby grants a Generation Licence to the following:-

HI-TECH PIPE & ENGINEERING INDUSTRIES (PRIVATE) LIMITED

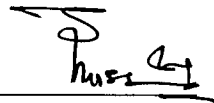
Incorporated under the Companies Ordinance 1984
Under Company Registration
No. 0064109, Dated January 21, 2008

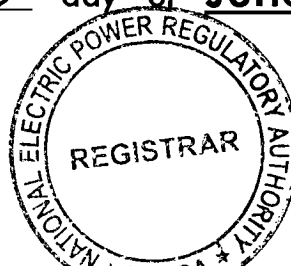
for its Natural Gas Based Thermal Generation Facility/Plant Located at Plot No. X-22 S.I.T.E. EXTENSION AREA Kotri, District Jamshoro in the Province of Sindh

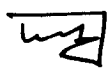
(Installed Capacity: 15.00 MW Gross ISO)

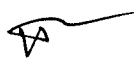
to engage in generation business subject to and in accordance with the Articles of this Licence.

Given under my hand this 24th day of June Two Thousand & Thirteen and expires on 23rd day of June Two Thousand & Thirty Eight


Registrar









Article-1
Definitions

1.1 In this Licence

- (a) "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);
- (b) "Authority" means the National Electric Power Regulatory Authority constituted under section 3 of the Act;
- (c) "Licensee" means "Hi-Tech Pipe & Engineering Industries (Private) Limited";
- (d) "Power Purchaser" means a Distribution Licensee which purchases electricity from the Licensee, pursuant to a power purchase agreement for procurement of electricity;
- (e) "Rules" mean the National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000.

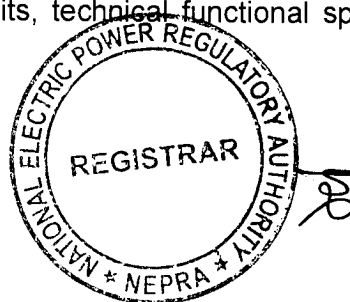
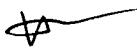
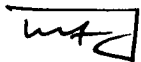
1.2 Words and expressions used but not defined herein bear the meaning given thereto in the Act or in the Rules.

Article-2
Application of Rules

This Licence is issued subject to the provisions of the Rules, as amended from time to time.

Article-3
Generation Facilities

3.1 The location, size (capacity in MW), technology, interconnection arrangements, technical limits, technical functional specifications and other details



specific to the power generation facilities of the Licensee are set out in Schedule-I to this Licence.

3.2 The net capacity of the generation facilities of the Licensee is set out in Schedule-II hereto.

Article-4
Term of Licence

4.1 The Licence is granted for a term of twenty five (25) years from the date of its issuance.

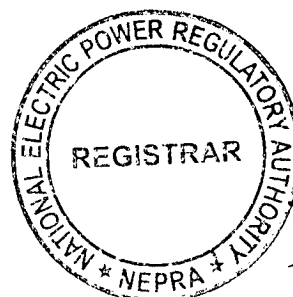
4.2 Unless suspended or revoked earlier, the Licensee may within ninety (90) days prior to the expiry of the term of the Licence, apply for renewal of the Licence under the National Electric Power Regulatory Authority Licensing (Application & Modification Procedures) Regulations, 1999 as amended or replaced from time to time.

Article-5
Licence fee

After the grant of the Generation Licence, the Licensee shall pay to the Authority the Licence fee, in the amount and manner set out in the National Electric Power Regulatory Authority (Fees) Rules, 2002.

Article-6
Tariff

The Licensee shall charge only such tariff which has been determined, approved or specified by the Authority in terms of Rule-6 of the Rules.



Article-7
Competitive Trading Arrangement

7.1 The Licensee shall participate in such measures as may be directed by the Authority from time to time for development of a Competitive Trading Arrangement. The Licensee shall in good faith work towards implementation and operation of the aforesaid Competitive Trading Arrangement in the manner and time period specified by the Authority. Provided that any such participation shall be subject to any contract entered into between the Licensee and another party with the approval of the Authority.

7.2 Any variation or modification in the above-mentioned contracts for allowing the parties thereto to participate wholly or partially in the Competitive Trading Arrangement shall be subject to mutual agreement of the parties thereto and such terms and conditions as may be approved by the Authority.

Article-8
Maintenance of Records

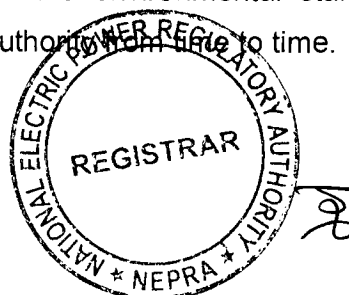
For the purpose of sub-rule (1) of Rule 19 of the Rules, copies of records and data shall be retained in standard and electronic form and all such records and data shall, subject to just claims of confidentiality, be accessible by authorized officers of the Authority.

Article-9
Compliance with Performance Standards

The Licensee shall comply with the relevant provisions of the National Electric Power Regulatory Authority Performance (Generation) Rules 2009 as amended from time to time.

Article-10
Compliance with Environmental Standards

The Licensee shall comply with the environmental standards as may be prescribed by the relevant competent authority from time to time.



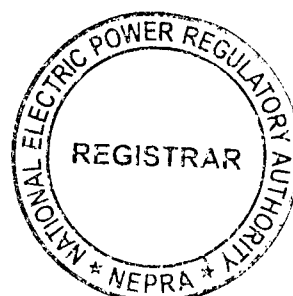
Article-11
Power off take Point and Voltage

The Licensee shall deliver power to the Power Purchaser at 11 KV voltage level at the door step of its generation facility. The up-gradation (step up) of generation voltage up to 11 KV, if any will be the responsibility of the Licensee.

Article-12
Provision of Information

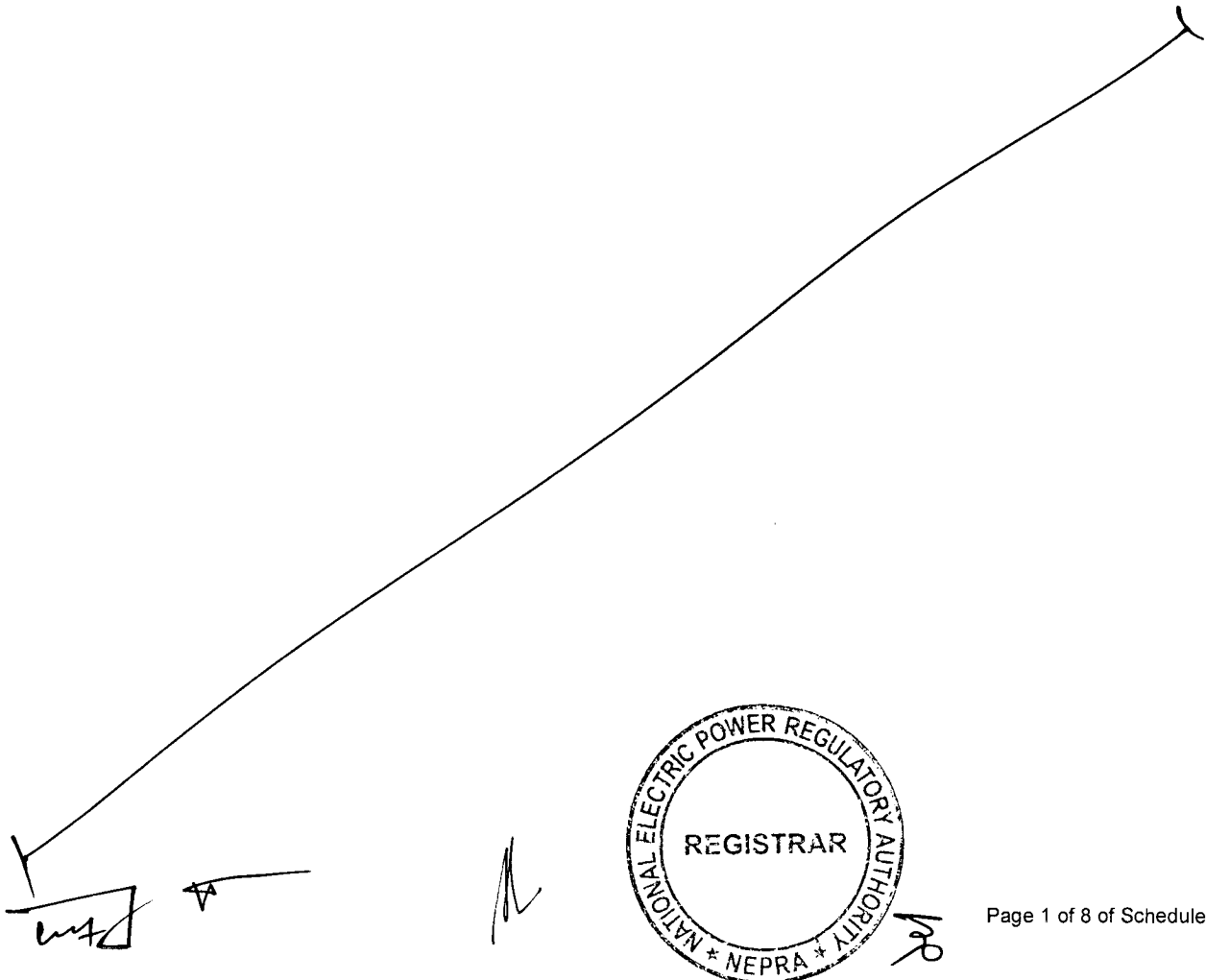
12.1 The obligation of the Licensee to provide information to the Authority shall be in accordance with Section 44 of the Act.

12.2 The Licensee shall be subject to such penalties as may be specified in the relevant rules made by the Authority for failure to furnish such information as may be required from time to time by the Authority and which is or ought to be or have been in the control or possession of the Licensee.

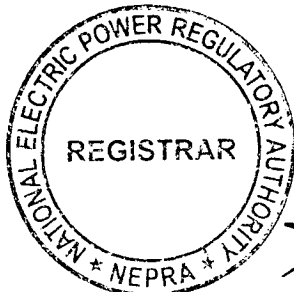


SCHEDULE-I

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 are described in this Schedule.



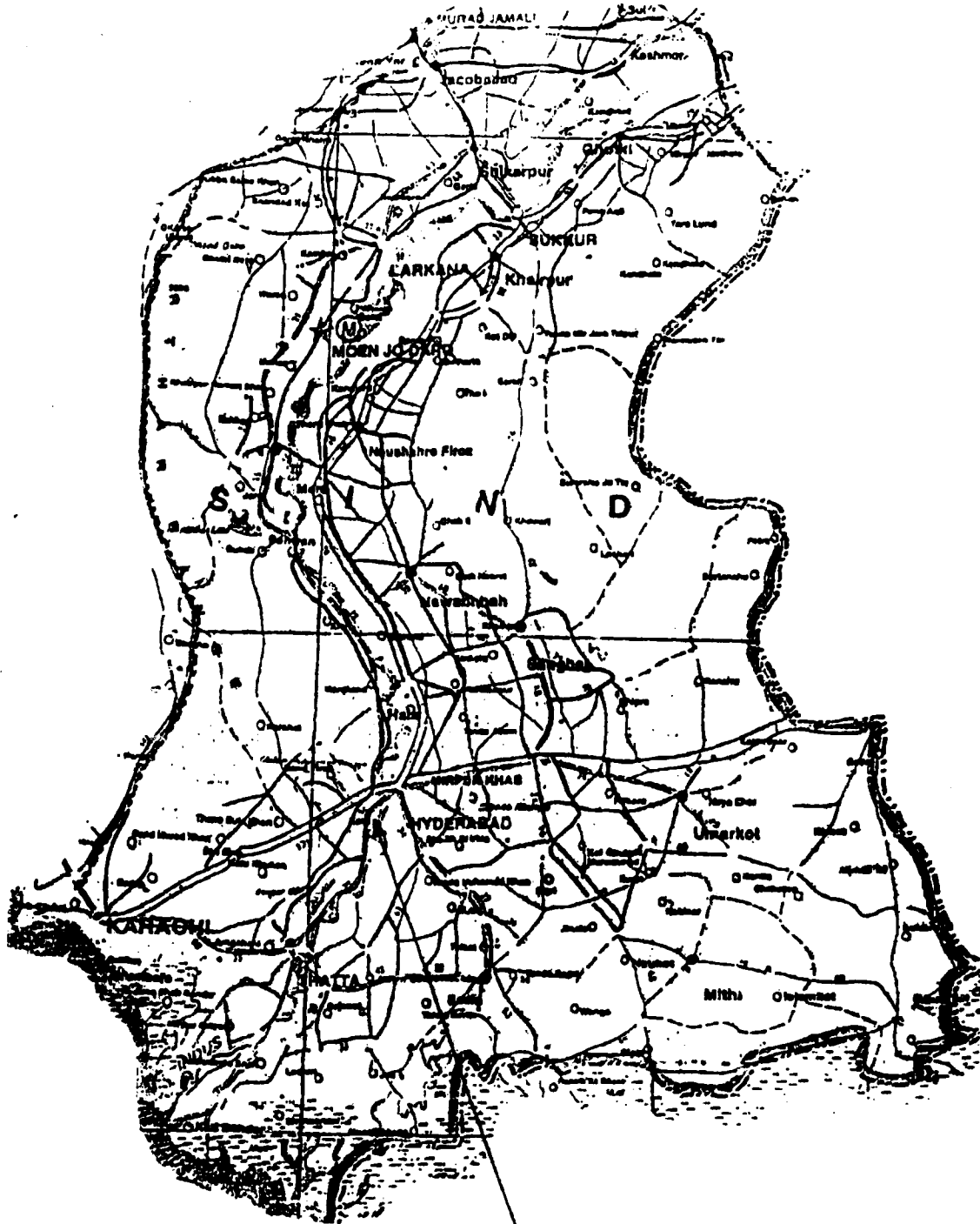
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REGISTRAR
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA

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Location Map

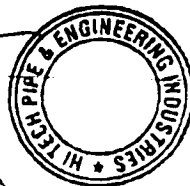
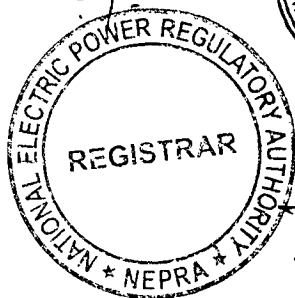


Located at Site Kotri District Jamshoro.

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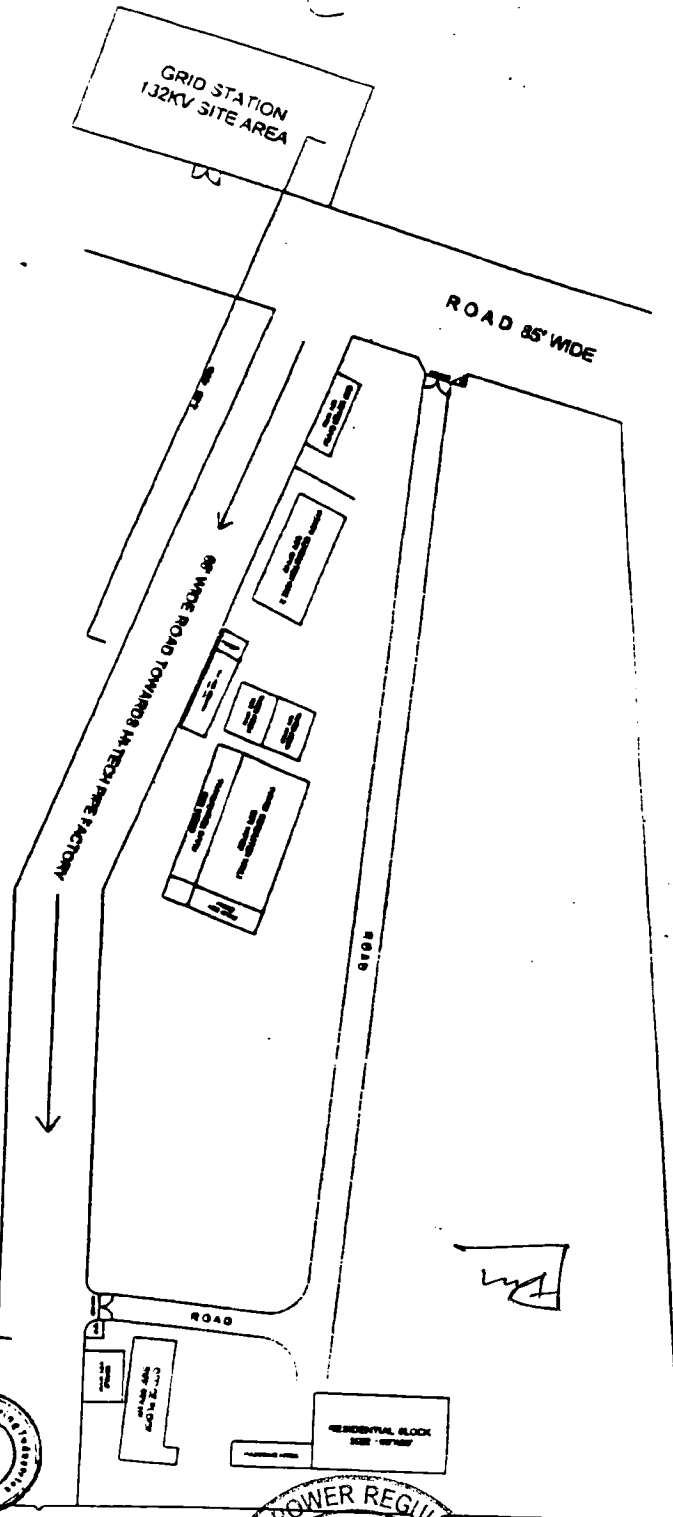
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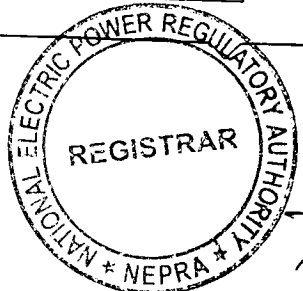
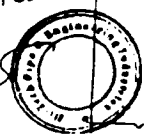


Plant Layout

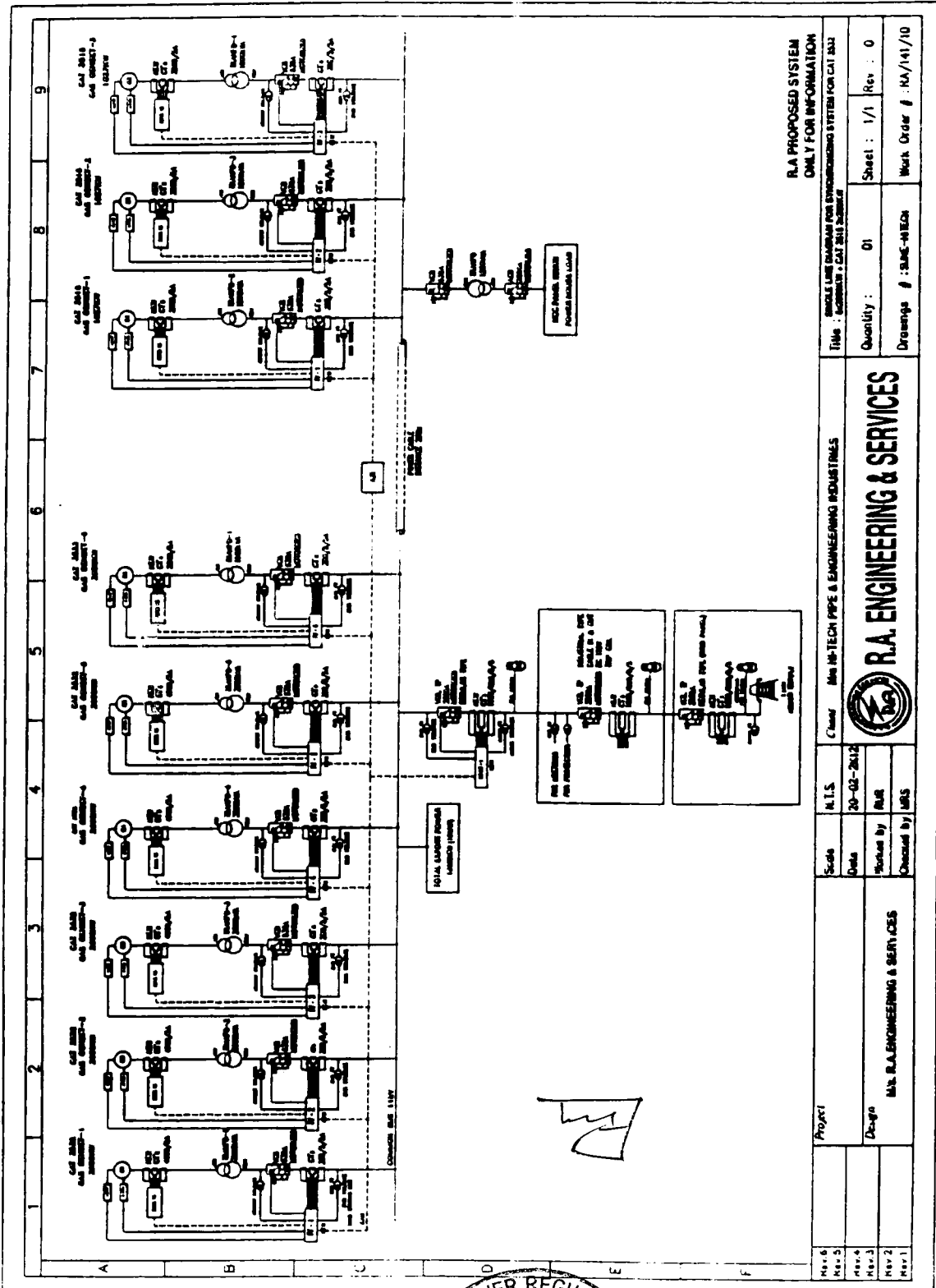
**PLAN FOR POWER GENERATION @ HI-TECH PIPES & ENGINEERING INDUSTRIES
X-22 Extension Area S.I.T.E Kotri Sindh**



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Single Line Diagram (Electrical)



R.A. PROPOSED SYSTEM
 ONLY FOR INFORMATION

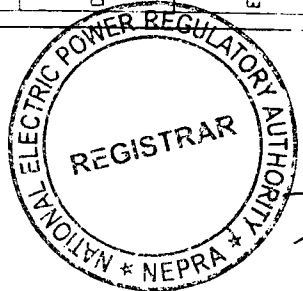
Title :	SINGLE LINE DIAGRAM FOR SYNCHRONISING SYSTEM FOR CAT 2012		
Quantity :	01	Sheet :	1/1
Drawings # :	SAME-MECH	Rev :	0
Work Order # :	KA/141/10		

Client :	Hi-TECH PIPE & ENGINEERING INDUSTRIES
M.T.S. No. :	20-02-2612
Scale :	AS SHOWN
Date :	20-02-2012
Worked by :	MUR
Checked by :	MRS

Project :	
Design :	M/S. R.A. ENGINEERING & SERVICES
Rev. 6 :	
Rev. 5 :	
Rev. 4 :	
Rev. 3 :	
Rev. 2 :	
Rev. 1 :	



R.A. ENGINEERING & SERVICES

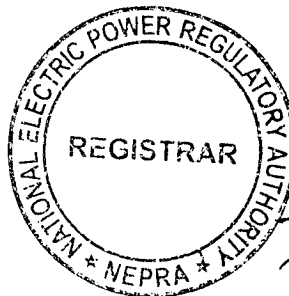
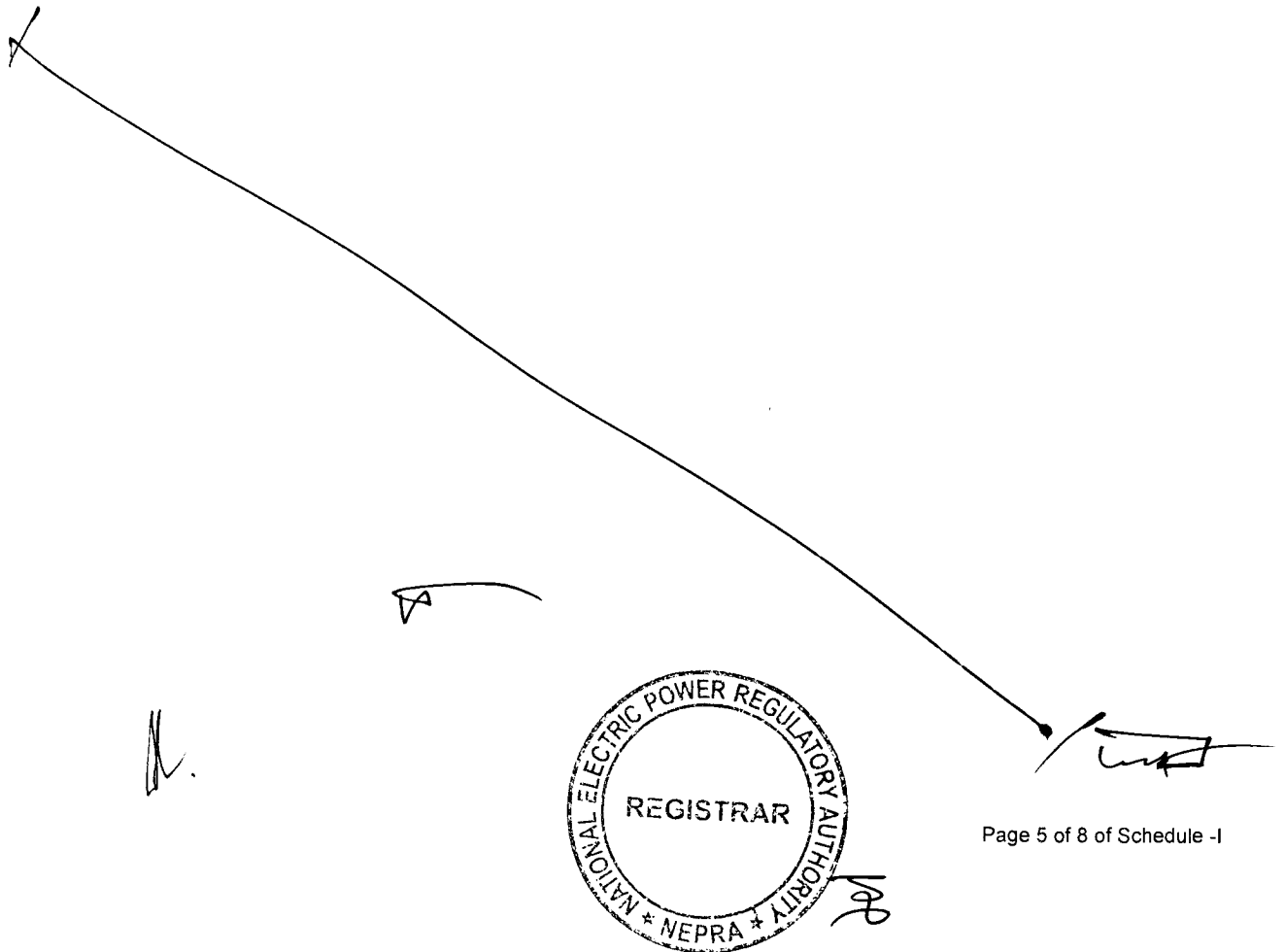


INTERCONNECTION/TRANSMISSION
SCHEME FOR DISPERSAL OF POWER FROM HI-TECH PIPE
& ENGINEERING INDUSTRIES (PRIVATE) LIMITED
(HTP&EIPL)

The Power generated from the Natural Gas based Thermal generation facility of HTP&EIPL will be dispersed to the Load Center/Ring of Hyderabad Electric Supply Company Limited (HESCO) at 11 KV voltage level.

The Interconnection/Transmission Arrangement for the above mentioned facilities will be at 11 kV voltage connecting the generation facility of HTP&EIPL to Kotri Grid Station of HESCO through overhead Feeder(s).

The final Interconnection and Transmission Arrangement(s) [including length of line, type of conductor etc.] for the dispersal of power, as agreed by HTP&EIPL and HESCO shall be communicated to NEPRA in due course of time.



**Details of
 the Generation Facility/
 Power Plant**

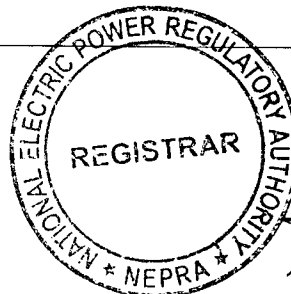
(A). General Information

(i).	Name of Applicant	Hi-Tech Pipe & Engineering Industries (Private) Limited.
(ii).	Registered /Business Office	Bungalow No. 152/G, Block No.-2 P.E.C.H.S, Karachi.
(iii).	Plant Location	Plot No. X-22, S.I.T.E. Extension Area Kotri, District Jamshoro, Sindh.
(iv).	Type of Generation Facility	Natural gas Operated Thermal Generation Facility.

(B). Plant Configuration

(i).	Plant Size Installed Capacity (Gross ISO)	15.00 MW	
(ii).	Type of Technology	GAS FIRED RECIPROCATING ENGINES	
(iii).	Number of Units/Size (MW)	Unit No. 1-6	Unit No. 7-9
		6 x 2.00 MW	3 x 1.00 MW
(iv).	Unit Make & Model	Unit No. 1-6	Unit No. 7-9
		Caterpillar 3532	Caterpillar 3516
(v).	Commissioning/ Commercial Operation date (of each Unit)	August 31, 2012	
(vi).	Minimum Expected Life of the Facility from Commercial Operation/ Commissioning Date	30 Years	

* As provided by Hi-Tech Pipe & Engineering Industries (Private) Limited



(C). Fuel Details

(i).	Primary Fuel	Natural Gas
(ii).	Alternate Fuel	Not Applicable
(iii).	Start Up Fuel	Not Applicable
(iv).	Fuel Source for each of the above (i.e. Imported/Indigenous)	Indigenous
(v).	Fuel Supplier for each of the above	SSGC
(vi).	Supply Arrangement for each of the above	pipe line

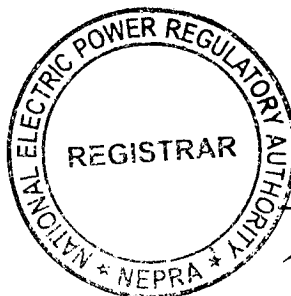
(D). Emission Values

(i).	SO _x	N/A
(ii).	NO _x	<650 mg/Nm ³
(iii).	CO	<986 mg/Nm ³
(iv).	PM ₁₀	N/A

(E). Cooling System

(i).	Cooling Water Source/Cycle	Canal Water supplied by SITE Association Kotri after necessary treatment/Closed Loop
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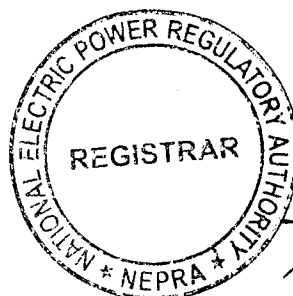
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SCHEDULE-II

The Installed/ISO Capacity (MW), De-Rated Capacity At Mean Site Conditions (MW), Auxiliary Consumption (MW) and the Net Capacity At Mean Site Conditions (MW) of the Generation Facilities of Licensee is given in this Schedule

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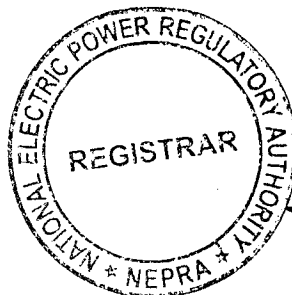
SCHEDULE-II*

1.	Gross Installed Capacity of the Generation Facility (6 x 2.00 MW + 3 x 1.00 MW)	15.00 MW
2.	Gross De-rated Capacity of the Generation Facility at Mean Site Condition (6 x 1.70 MW + 3 x 0.85 MW)	12.72 MW
3.	Auxiliary Consumption of the Generation Facility (6 x 0.07 MW + 3 x 0.04 MW)	00.54 MW
4.	Net Capacity of the Generation Facility at Mean Site Conditions	12.21 MW

Note

All the above figures are indicative as provided by the Licensee. The Net Capacity available to HESCO for dispatch will be determined through procedure(s) contained in the Bi-lateral Agreement(s) or any other applicable document(s).

* As provided by Hi-Tech Pipe & Engineering Industries (Private) Limited



National Electric Power Regulatory Authority
(NEPRA)

Determination of the Authority
in the Matter of Generation Licence Application of
Hi-Tech Pipe & Engineering Industries (Private) Limited
(HTP&EIPL)

June, 2013
Application No. LAG-209

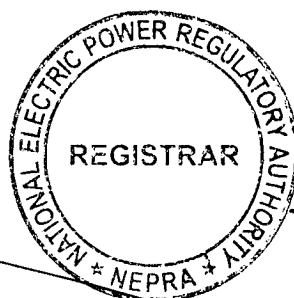
(A). Background

(i). HTP&EIPL is a pipe manufacturer industrial unit, having its facility located at SITE Kotri, District Jamshoro, in the Province of Sindh. In order to meet the power requirement of its said facility, HTP&EIPL has also set up a Natural Gas based Captive Power Plant (CPP).

(ii). HTP&EIPL offered sale of surplus power from the above mentioned CPP to Host DISCO. In response to the offer HTP&EIPL Hyderabad Electric Supply Company Limited (HESCO) issued a Letter of Intent (LoI) on October 22, 2010. According to the terms and condition of which HTP&EIPL is required to have a Generation Licence from NEPRA.

(B). Filing of Generation Licence Application

(i). In accordance with Section 15 of Regulation of Generation, Transmission and Distribution of Electric Power Act 1997 (the NEPRA Act), HTP&EIPL filed an application on February 09, 2012, requesting for grant of a Generation Licence. The application was scrutinized to confirm compliance of



Regulation 3 of the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 (the Regulations) and was submitted for the consideration of the Authority for deciding on admission of application.

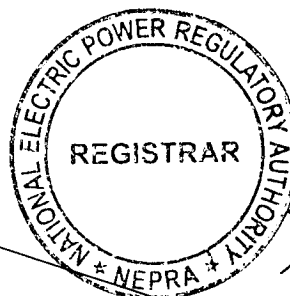
(ii). The Authority admitted the application of HTP&EIPL on June 19, 2012 as stipulated in Regulation 7 of the Regulations for the consideration for the grant of a Generation Licence and approved the advertisement about the Notice of Admission to be published in daily newspapers, seeking comments of the general public as stipulated in Regulation 8 of the Regulations. The Authority also approved the list of interested/affected parties for inviting comments or otherwise assisting the Authority in the matter as stipulated in Regulation 9 of the Regulations.

(iii). Accordingly, Notice of Admission was published in the national newspapers on June 21, 2012 and separate notices were sent to Individual Experts/Government Ministries/Representative Organizations etc. on June 25, 2012 for submitting their views/comments in the matter.

(C). Comments of Stakeholders

(i). In response to the above mentioned notices, NEPRA received comments from five (05) stakeholders. This included Central Power Purchasing Agency (CPPA) of National transmission and Desptach Company Limited (NTDC), Board of Investment (BoI), Electric Power Department, Government of Sindh (EPDGoS), Ministry of Science and Technology (MoST) and HESCO. The salient points of the comments offered by the above stakeholders are summarized in the following paragraphs:-

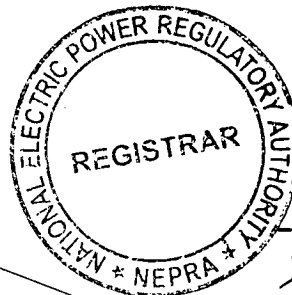
- (a). CPPA commented that the request of HTP&EIPL be processed as it would provide level of comfort to HESCO through cheaper power based on indigenous fuel. Therefore, CPPA has no objection for the grant of Generation Licence;



- (b). Bol remarked that its views may be treated as "Nil";
- (c). EPDGoS submitted that the production of electricity in the province is a good achievement. Therefore, the grant of Generation Licence to HTP&EIPL is supported;
- (d). MoST is not dealing with any Thermal Power Plant. Therefore, MoST has nothing to comment in the matter;
- (e). HESCO expressed its support to the grant of Generation Licence to HTP&EIPL as the generation facility is based on indigenous fuel.

(ii). In the light of the above comments of the stakeholders and observations of the Authority whether to treat the application of HTP&EIPL as CPP or otherwise the following issues were framed:-

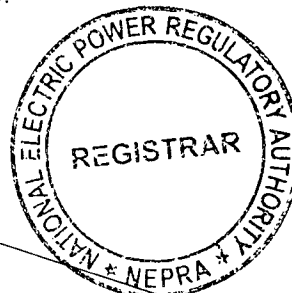
- (a). Whether HTP&EIPL qualifies as CPP?
- (b). The Gas Policy 2005 needs to be looked into and if violations of any sort are noted, these may be referred to the concerned agency; If the applicant intends to add more generation capacity whether the additional capacity is required for own consumption? If not, whether the spirit of "Captive Power Plant" is maintained?
- (c). Efficiency of the overall process and the kind of risks shouldered by the applicant;



- (d). Whether the Industrial concern is diverting its resources from Industrial concern to running of a power plant? Whether such shift should be allowed by NEPRA?
- (e). Concerns of the applicant if its additional capacity is treated similar to IPPs. They would require separate Generation Licence and Tariff;

(iii). The above issues were communicated to HTP&EIPL for submitting rejoinders. Its rejoinder dated October 13, 2012 HTP&EIPL contended that it qualifies as CPP. HTP&EIPL stated that it an industrial unit, manufacturing quality PVC/M.S Pipe from 1/2" Diameter to 48" diameter. The 15.00 MW Gas-based CPP has been set up to cater own power requirement of the industry. However, HTP&EIPL entered into Power Purchase Agreement PPA) with HESCO for supply of available 8.00 MW surplus/redundant electric power on take-and-pay basis under PEPCO's approved SPPs/CPPs Policy. Though dispatch is not guaranteed by the Power Purchaser in this mode of agreement; but still HTP&EIPL executed PPA as a gesture of goodwill to assist HESCO/PEPCO to overcome prevailing shortage of power.

(iv). Regarding the addition of more generation capacity, HTP&EIPL submitted that it is a manufacturing unit and established CPP to cater its own power requirement. The addition of more generation capacity depends upon prospective demand of its customers and market situation. HTP&EIPL is not only providing its products to its present customers but also struggling for more customers and markets through competitive rates and offering new line of products. On the other hand HTP&EIPL desires to cope with its power requirement through its own power generation. Accordingly, addition in the capacity of Captive Power Plant would be necessary in case of increase in HTP&EIPL's manufacturing capacity on achieving higher rate of customers/markets. Hence the spirit of CPP in the case of HTP&EIPL will be maintained in all the upcoming situations.

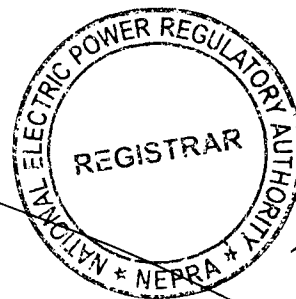


(v). HTP&EIPL submitted that it has established its Captive Power Plant through its own resources without availing financial assistance and as such all kinds of risks are to be shouldered by HTP&EIPL itself. As for as efficiency of the power plant with regard to sale of power to HESCO is concerned, HTP&EIPL entered into PPA with HESCO under PEPCO's approved SPPs/CPPs Policy having its own upfront tariff. However, as dispatch is not guaranteed by Power Purchaser under this Policy being on-take-and-pay-basis, the agreed tariff cannot be compared with other modes of sale/purchase of power on firm-basis. HTP&EIPL honored PEPCO's offered rates for supply of indigenous fuel based cheaper power to national grid due to prevailing situation of power crunch in the country.

(vi). HTP&EIPL submitted that it is a manufacturing unit and it setup the Captive Power Plant to cater its own power requirements. It has entered into PPA with HESCO for supply of indigenous fuel based cheaper power to national grid due to prevailing situation of power crunch in the country. This does not mean that the industrial concern is diverting its resources to running of a power plant.

(vii). HTP&EIPL further stated that it is an industrial unit and established Captive Power Plant to cater its own power requirement. The supply of surplus/redundant power to HESCO under PEPCO's approved SPPs/CPPs Policy is totally based upon desire to assist HESCO to overcome prevailing power crunch in the country. Hence in case of treating the surplus/redundant power similar to IPPs, HTP&EIPL will prefer to agree with New Captive Power Policy (NCP) instead of IPPs by establishing the HTP&EIPL with Zero Meter imported machines.

(viii). The Authority considered the above reply of HTP&EIPL in its regulatory meeting held on February 12, 2013 and found it satisfactory and decided to proceed further with the application for the grant of Generation.



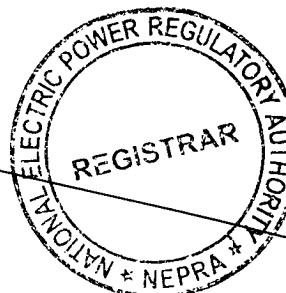
(D). Grant of Generation Licence

(i). The Authority considers that availability of adequate energy supply and economic growth are inextricably linked. The current disparity between the supply and demand is not only causing difficulties for the general public but also for the other Sectors of the economy especially the Industrial and Agriculture Sectors.

(ii). The inordinately long hours of electricity supply suspension is slowing down the pace of industrial growth, causing serious economic loss to the country. This loss brings in failure of competitiveness and business which can only be avoided by providing sufficient electricity in the country. HESCO's consent in acquiring power from the surplus capacity of HTP&EIPL is a positive step.

(iii). The term of a Generation Licence under Rule 5 of the NEPRA Licensing (Generation) Rules 2000 (the Rules) is to be commensurate with the maximum expected life of the units comprised in a generating facility except where an applicant for a Generation Licence consents to a shorter term. HTP&EIPL has estimated the life of the facility as twenty five (25) years and has requested that the term of the Generation Licence may be fixed accordingly. According to the technical data of the proposed Gas Engines of Caterpillar, the brand new Gas Engines have a useful life of about 200,000 running hours. Keeping in view of the fact that the operation of the generation facility of HTP&EIPL is linked with the availability of Natural Gas, the Plant may not be operated for more than nine (09) months in a year. This means that the operational useful life of the facility of HTP&EIPL will be more than thirty (30) years. As HTP&EIPL has concurred with a shorter term, therefore the Authority sets the term of the Generation Licence of HTP&EIPL to twenty five (25) years from the date of its issuance of the Generation Licence;


(iv). In view of this, the Authority hereby decides to approve the grant of Generation Licence to HTP&EIPL on the terms set out in the Generation Licence annexed to this determination. The grant of Generation Licence will be subject to



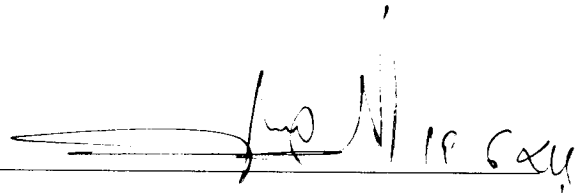
the provisions contained in the NEPRA Act, relevant rules and regulations framed there under.

Authority

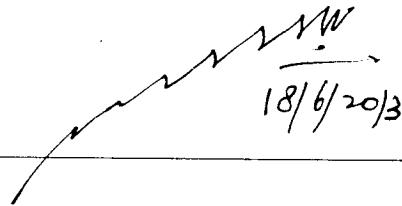
Maj (R) Haroon Rashid
Member


18/6/13

Khawaja Muhammad Naeem
Member


18/6/13

Habibullah Khilji
Member


18/6/20/3

