



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: info@nepra.org.pk

No. NEPRA/R/LAG-236/13229-31

November 29, 2013

Mr. Naveed Akhtar
Resident Director
Noon Sugar Mills Limited
2"d Floor, Mustafa Center, 45-F
Main Market Gulberg
Lahore 54660

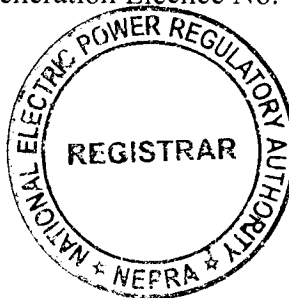
Subject: Generation Licence No. SGC/94-2013
Licence Application No. LAG-236
Noon Sugar Mills Limited

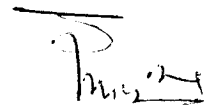
Reference: Your application vide letter No. NSM/PROJ/13/127, dated July 13, 2013.

Enclosed please find herewith Generation Licence No. SGC/94/2013 granted by National Electric Power Regulatory Authority (NEPRA) to Noon Sugar Mills 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/94/2013)




(Syed Safeer Hussain)

Copy to:

1. Chief Executive Officer, Faisalabad Electric Supply Company (FESCO),
Abdullahpur, Canal Bank Road, Faisalabad
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/94/2013

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:

NOON SUGAR MILLS LIMITED

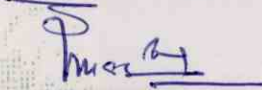
Incorporated under the Companies Act, VII of 1913, having Certificate of Incorporation
No C-70 LR of 1963 - 1964 dated April 01, 1964

for its Bagasse based Thermal Generation Facility/Power Plant located at
Bahlwal, District Sargodha in the Province of Punjab

(Installed Capacity: 14.80 MW Gross ISO)

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

Given under my hand this 29th day of November Two Thousand & Thirteen and expires on 28th day of November Two Thousand & Fifty Eight.



Registrar





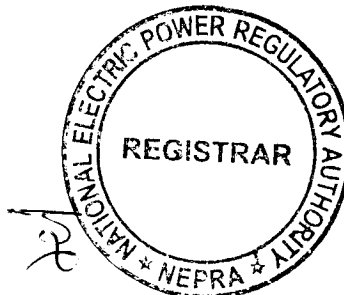


Article-1
Definitions

1.1 In this Licence

- (a). "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997;
- (b). "Authority" means the National Electric Power Regulatory Authority constituted under section 3 of the Act;
- (c). "Carbon Credits" mean the amount of carbon dioxide (CO₂) and other greenhouse gases not produced as a result of generation of energy by the generation facility, and other environmental air quality credits and related emissions reduction credits or benefits (economic or otherwise) related to the generation of energy by the generation facility, which are available or can be obtained in relation to the generation facility;
- (d). "FESCO" means Faisalabad Electric Supply Company Limited and its successors or permitted assigns;
- (e). "Licensee" means Noon Sugar Mills Limited and its successors or permitted assigns;
- (f). "Policy" means "the Policy for Development of Renewable Energy for Power Generation, 2006" of Government of Pakistan as amended from time to time;
- (g). "Power Purchaser" means a distribution licensee which purchases electricity from the Licensee, pursuant to a power purchase agreement for procurement of electricity;

14



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- (h). "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 of this Licence.

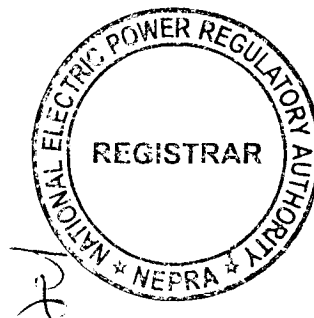
3.2 The net capacity of the Licensee's generation facilities is set out in Schedule-II hereto.

Article-4
Term of Licence

4.1 This Licence is granted for a term of forty five (45) years from the date of its issuance.

4.2 Unless suspended or revoked earlier, the Licensee may within ninety days (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 Procedure) Regulations, 1999 as amended or replaced from time to time.

WAD



WAD

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 and at the time 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.

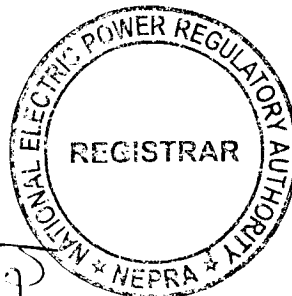
Article-7
Competitive Trading Arrangement

7.1 The Licensee shall participate in such manner 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 Standards (Generation) Rules 2009 as amended from time to time.

Article-10
Compliance with Environmental & Safety Standards

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

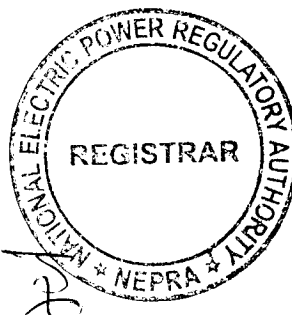
Article-11
Provision of Information

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

11.2 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 has been in the control or possession of the Licensee.

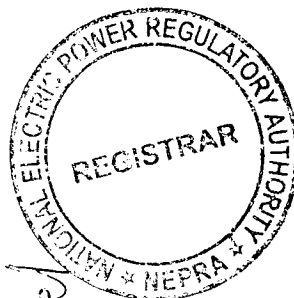
Article-12
Carbon Credits

The Licensee shall process and obtain Carbon Credits expeditiously and credit the proceeds to the Power Purchaser as per the Policy.

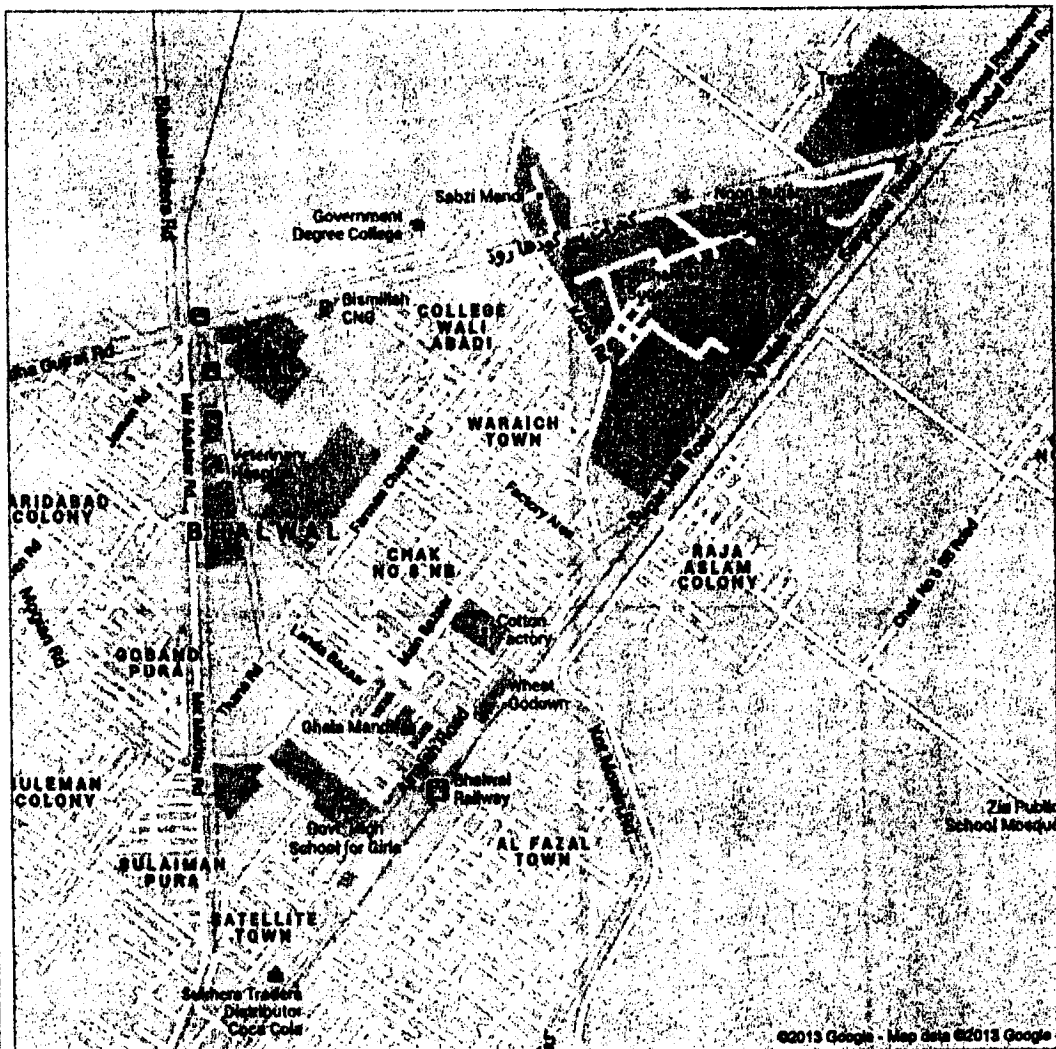


SCHEDULE-I

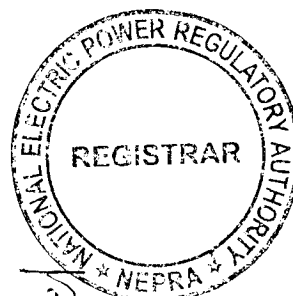
The Location, Size (i.e. Capacity in MW), Type of Technology, Interconnection Arrangements, Technical Limits, Technical/Functional Specifications and other details specific to the Generation Facilities of the Licensee are described in this Schedule.

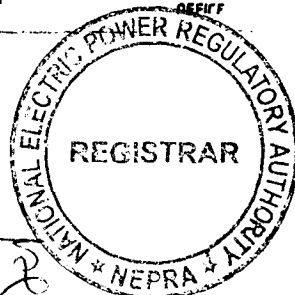


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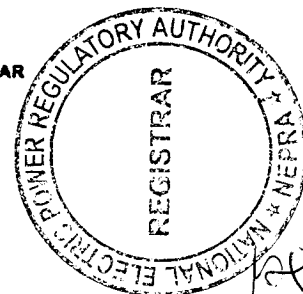
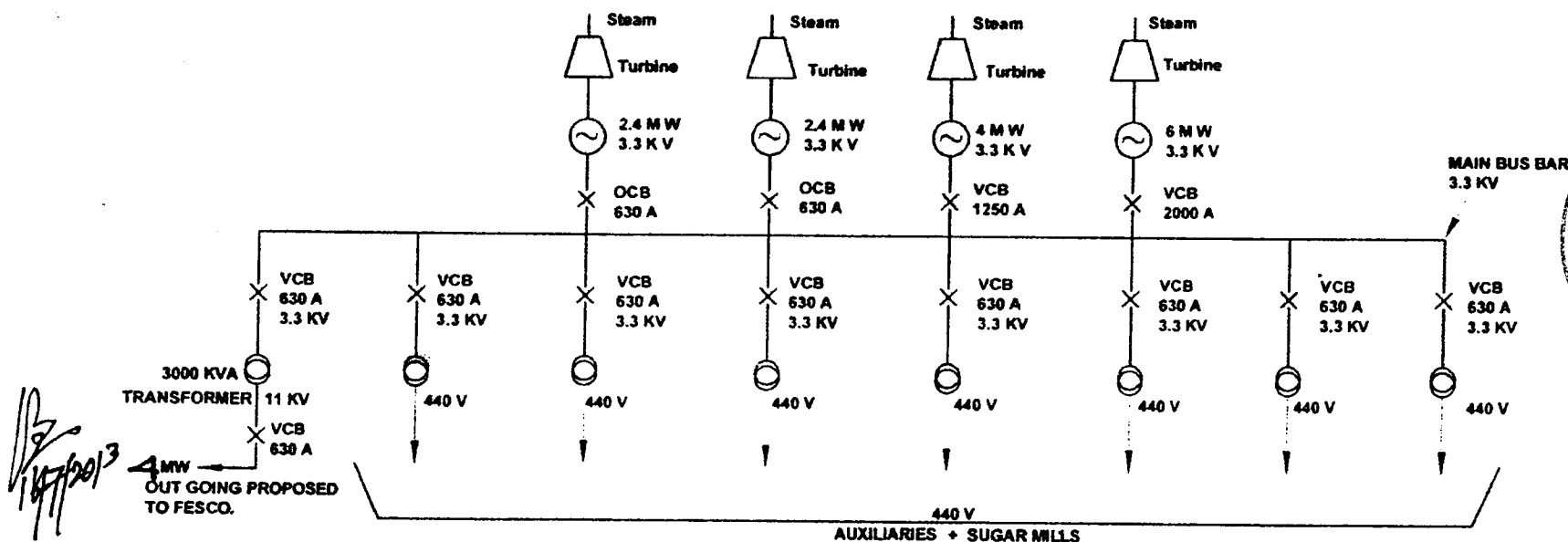
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NOON SUGAR MILLS LTD. BHALWAL

Single Line Diagram of Power House



*Supply voltage to FESCO N/A is 11KV
through VCB & 3KV/11KV step up transformer*

18/7/2013

Pen

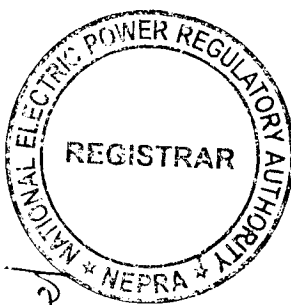
**Interconnection Arrangement/
Transmission Facilities for Dispersal of Power
from the Generation Facility/Power Plant**

The Power generated by Noon Sugar Mills (Pvt.) Limited (NSML) from its Baggasse based Thermal Power Generation facility shall be dispersed to the Load Center of FESCO.

The Interconnection/Transmission Arrangement for the above mentioned facilities will be at 11 KV voltage connecting the generation facility of NSML to 132 KV Grid Station of Bahlwal through overhead feeder(s).

Any change in the above Interconnection Arrangement/Transmission Facilities as agreed by NSML and FESCO shall be communicated to the Authority in due course of time.

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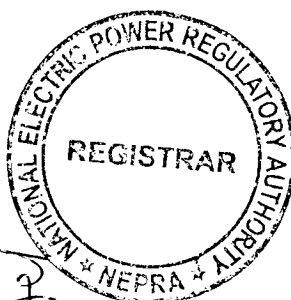
Detail of Generation Facility/Power Plant

(A). General Information

(i).	Name of the Licensee/ Company	Noon Sugar Mills Limited.
(ii).	Registered /Business Office	66-Garden Block, New Garden Town, Lahore.
(iii).	Plant Location	Bahwal, District Sargodha
(iv).	Type of Generation Facility	Bagasse Fired Thermal Power Station.

(B). Plant Configuration

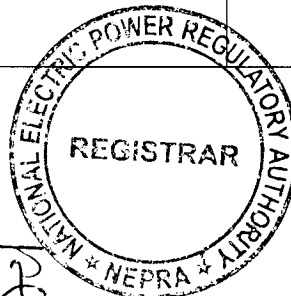
(i).	Plant Size Installed Capacity	14.80 MW			
(ii).	Type of Technology	Conventional Steam Turbine based Power Plant			
(iii).	Number of Units/Size (MW)	Unit-1	Unit-2	Unit-3	Unit-4
		2.40 MW	2.40 MW	4.00 MW	6.00 MW
(iv).	Unit Make/ Model & Year of Manufacture	Unit-1	Unit-2	Unit-3	Unit-4
		Mitsubishi/ 1966	Mitsubishi/ 1966	Peter Brotherhood/ 1996	Skoda Jinma/ 2008
(v).	Commissioning/ Commercial Operation date of each Unit of the Generation Facility	Unit-1	Unit-2	Unit-3	Unit-4
		1972	1972	1996	2008



(vi).	Expected Useful Life of the each Unit of the Generation Facility from its Commercial Operation/ Commissioning Date	Unit-1	Unit-2	Unit-3	Unit-4
		50	50	50	50
(vii).	Expected Remaining useful Life of each Unit of the Generation Facility (at the time of grant of Generation Licence)	Unit-1	Unit-2	Unit-3	Unit-4
		09 Years	09 Years	33 Years	45 Years
(viii).	Term of the Generation Licence of the Generation Facility (based on Remaining Useful Life of Latest Commissioned Unit)	45 Years			

(C). Fuel/Raw Material Details

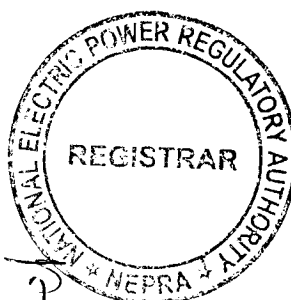
(i).	Primary Fuel	Bagasse			
(ii).	Alternate Fuel	Furnace Oil (FO)			
(iii).	Start Up Fuel	Furnace Oil (FO)			
(iv).	Fuel Source (Imported/ Indigenous)	Primary Fuel	Alternate Fuel	Start Up Fuel	
		Indigenous	Indigenous	Indigenous	
(v).	Fuel Supplier	Primary Fuel	Alternate Fuel	Start Up Fuel	
		Noon Sugar Mills Limited	Pakistan State Oil (PSO)/Shell Pakistan Limited (Shell)	PSO/Shell	



		Primary Fuel	Alternate Fuel	Start Up Fuel
(vi).	Supply Arrangement	Through Conveyor Belts/Loading Trucks/Tractor Trolleys etc	Through Oil Tankers	Through Oil Tankers
(vii).	Sugarcane Crushing Capacity	9,000 Ton Crushing Per Day		
(viii).	Bagasse Generation Capacity	2,7000 Tons per day		
(ix).	Fuel facilities Storage	Primary Fuel	Alternate Fuel	Start Up Fuel
		Bulk Storage	1 Tank	
(x).	Capacity of Storage facilities	Primary Fuel	Alternate Fuel	Start Up Fuel
		35,000 tons bulk storage	350 Tons	
(xi).	Gross Capacity Storage	Primary Fuel	Alternate Fuel	Start Up Fuel
		35,000 tons Bulk Storage	350 Tons	

(D). **Emission Values**

		Primary Fuel	Alternative Fuel
(i).	SO _x	NA	< 400mg/m ³
(ii).	NO _x	188 mg/Nm ³	< 400mg/m ³
(iii).	CO ₂	13.5	12% ~ 13%
(iv).	CO	560 mg/Nm ³	< 3%
(v).	PM ₁₀	91.2 mg/Nm ³	0.107 mg/m ³

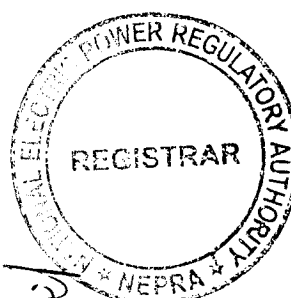


(E). **Cooling System**

(i).	Cooling Water Source/Cycle	Deep well Turbine Pump/ Underground Water
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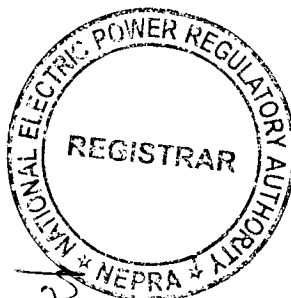
(F). **Plant Characteristics**

		Unit-1	Unit-2	Unit-3	Unit-4
(i).	Generation Voltage	3.3KV	3.3KV	3.3KV	3.3KV
(ii).	Frequency	50 HERTZ	50 HERTZ	50 HERTZ	50 HERTZ
(iii).	Power Factor	0.9	0.9	0.88	0.88
(iv).	Automatic Generation Control (AGC)	Yes	Yes	Yes	Yes
(v).	Ramping Rate	01 MW/ MIN	01 MW/ MIN	01 MW/ MIN	01 MW/ MIN
(vi).	Time required to Synchronize to Grid	10 MINUTES	10 MINUTES	10 MINUTES	10 MINUTES



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

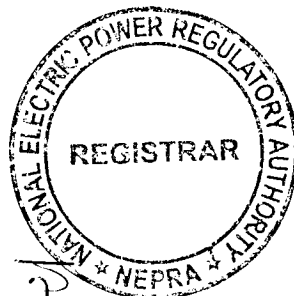


SCHEDULE-II

(1).	Total Gross Installed Capacity of the Generation Facility	14.80 MW
(2).	De-rated Capacity of the Generation Facility at Mean Site Conditions	12.00 MW
(3).	Auxiliary Consumption of the Generation Facility	00.50 MW
(4).	Net Capacity of the of the Generation Facility at Mean Site Conditions	11.50 MW

Note

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



National Electric Power Regulatory Authority
(NEPRA)

Determination of the Authority
in the Matter of Generation Licence Application of
Noon Sugar Mills Limited

November 28, 2013
Application No. LAG-236

(A). Background

(i). Noon Sugar Mills Limited (NSML) is maintaining and operating a 14.80 MW Captive Power Plant (CPP) as part of sugar mill located at Bhalwal, District Sargodha.

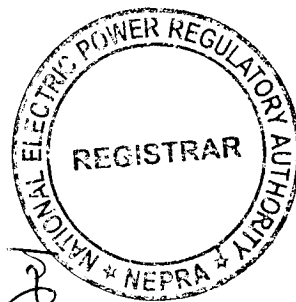
(ii). The above mentioned CPP uses bagasse as fuel for generating electricity. NSML offered Faisalabad Electric Supply Company Limited (FESCO) for supplying about 4.00 MW of surplus of electric power from the above mentioned facility on take and pay basis.

(iii). According to the Regulation of Generation, Transmission and Distribution of Electric Power Act (hereafter called the NEPRA Act), for selling surplus to any entity, NSML is required having Generation Licence.

(B). Filing/Admission of Generation Licence Application

(i). NSML in accordance with Section 15 of the NEPRA Act filed an application on July 17, 2013 requesting for grant of a Generation Licence. During the preliminary scrutiny of the application, it was found that the submitted application was deficient in terms of NEPRA Licensing (Application & Modification Procedure) Regulations, 1999 (the Regulations).

(ii). Accordingly, NSML was directed for submitting the missing information/documents as stipulated in the Regulations. NSML, finally completed the



submission of the required documentation/information through its correspondence of July 22, 2013.

(iii). After the completion of the information, the Authority admitted the application for the consideration of grant of the Generation Licence on August 23, 2013 in terms of Regulation 7 of the Regulations. Pursuant to Regulation-8 of the Regulations, a Notice of Admission (NoA) consisting of the brief of Prospectus and other salient features of the application was published in daily newspapers of August 27, 2013, seeking comments from interested/affected parties and general public.

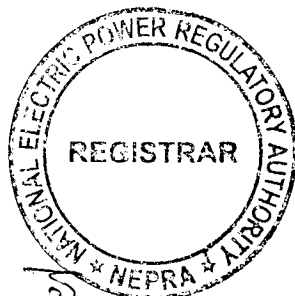
(iv). Apart from NoA in the press, separate notices were also sent to Individual Experts/ Government Ministries/Representative Organizations etc. for submitting their views/comments in the matter.

(C). Comments of Stakeholders

(i). In reply to the above, the Authority received comments from three (03) stakeholders. These included Central Power Purchasing Agency (CPPA) of National Transmission and Despatch Company Limited (NTDC), Alternative Energy Development Board (AEDB) and Ministry of Water and Power (MoW&P).

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

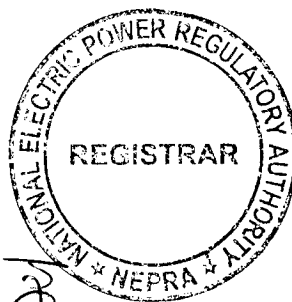
- (a). CPPA expressed its no reservation for grant of Generation License to NSML subject to meeting of all the conditions laid down in the NEPRA Licensing (Generation) Rules-2000 (the Rules);
- (b). AEDB remarked that Government of Pakistan (GoP) is very keen to utilize renewable energy technologies to overcome the current energy crisis. Being apex body to oversee alternative/renewable energy projects, AEDB has been given a mandate by the GoP to fully facilitate the international & local entrepreneurs for setting



up alternative/energy projects in the country. NSML has requested NEPRA for issuance of Generation Licence for its 14.8 MW thermal power project at Bhalwal, District Sargodha. As Bagasse will be used as fuel by NSML in its 14.8 MW thermal power project, AEDB supports issuance of Generation Licence to the Company;

- (c). MoW&P stated that the Plant details do not mention the alternate fuel which might be used in place of primary fuel, Bagasse. Due to the reason that Bagasse is available during a specific season only, it is not known whether the company intends to run the plant seasonally or else round the year. The company, as per the notice has offered to supply 4.00MW, out of its net capacity of 11.5 MW to FESCO. It is not indicated if FESCO has consented to this purchase. If so at what rate? Shall NEPRA determine such rates?

(iii). The above submitted comments were examined. As the comments of MoW&P required further clarification of the NSML, the same were forwarded for filing clarifications. In its rejoinder to comments of MoW&P, the applicant/NSML submitted that the main fuel for the CPP is Bagasse and Furnace Oil as the Alternative Fuel. The operation of the CPP is linked with the operation of the main Sugar Mill which is operated during the crushing season therefore, only Bagasse may be considered for the purpose of supplying to FESCO. NSML further submitted that FESCO is already on board and the application under consideration has been filed after receiving green signal from it. NSML also clarified that the Authority has already determined/approved the rates for the existing Bagasse based CPPs, therefore, NSML expects that the same tariff would be allowed to it once FESCO files a Power Acquisition Request (PAR)/Power Acquisition Contract (PAC) in terms of NEPRA Interim Power Procurement (Standards and Procedure) Regulations, 2005 (NEPRA IPPR).



(iv). The Authority considered the comments of the stakeholders and the rejoinder submitted by FSML and found the same satisfactory. In view of the said, the Authority decided to proceed further in the matter in terms of the relevant Regulations and the Rules for the grant of Generation Licence.

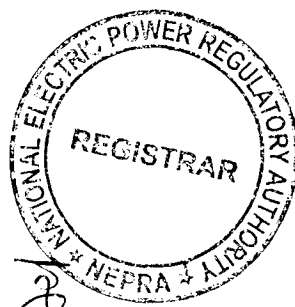
(D). Grant of Generation Licence

(i). The Authority considers that availability of sufficient electricity at affordable prices with a reasonable mix of Hydel, Thermal and other Renewable Energy (RE) is imperative for the sustainable economic development of the country. The country is currently facing severe shortage of electricity thus hampering the economic activities.

(ii). The Authority is well aware of the fact that installation of new power plants requires a considerable lead time. Therefore, the Authority considers it appropriate that in the short term period, the dormant capacity available with various Industrial Units (including Textile, Chemical and Sugar Mills) is brought into the National Grid. In the present case, NSML has offered to sell 4.00 MW bagasse based surplus electric power from its CPP to FESCO.

(iii). The Authority considers the above offer of NSML reasonable, as significant amount of low cost renewable energy will be available to FESCO in the shortest possible time. Further, being located close to the city of Sargodha and its surrounding areas, the proposed arrangement will also help FESCO in mitigating the shortfall of electricity, enabling it supplying electric power to its consumers.

(iv). According to Rule 5(1) of the NEPRA Generation Rule 2000, except where an applicant for a Generation Licence consents to a shorter term, the term of a Generation Licence shall be commensurate with the maximum expected useful life of the units comprised in a generation facility. The CPP/generation facility of NSML consists of four (04) Steam Turbines. The latest unit of the generation facility of NSML was commissioned in November 2008. NSML has estimated the useful life of this unit to be fifty (50) years from its Commercial Operation Date (COD) and requested for fixing the term of its proposed Generation Licence based on the said

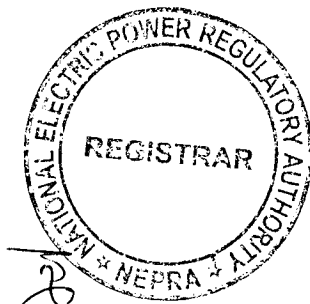


bench mark. In this regard, the Authority considers that the normal operating life of a Steam Turbine is taken as 30-35 years based on round the year operation. However, in sugar industry the steam turbines are operated upto a maximum of 4-5 months in a year during the crushing season. In view of this it can be safely assumed that a steam turbine installed in a sugar industry may have a useful life of more than fifty (50) years if maintained properly. In view of this, the Authority agrees with the submissions of NSML and accordingly sets the term of the Generation Licence to forty five (45) years from the date of its issuance considering the fact that latest unit of the generation facility of NSML has already completed almost five (05) years of its operation.

(v). About the approval of the generation tariff for supply of electric power to FESCO, it is clarified that NSML submitted that it expected that the already approved/determined tariff for baggase based CPP would be allowed to it once FESCO files a PAR/PAC as stipulated in NEPRA IPPR. In this regard, it is clarified that the determining of tariff, rate and charges etc. for supply of power to FESCO is the sole responsibility of the Authority as stipulated in Section 7(3)(a) of the NEPRA Act. Accordingly, the Authority directs NSML to charge only such tariff which has been determined, approved or specified by the Authority in terms of Rule-6 of the Rules. Further, in view of the position submitted by NSML, the Authority hereby directs FESCO to file the required PAR/PAC as stipulated in the NEPRA IPPR.

(vi). The generation facility of NSML for which Licence has been sought, is a Conventional Steam Turbine Power Plant mainly using Baggase as fuel to be burned in low pressure boiler. Baggase is a RE source which does not cause pollution however, the operation of the CPP and the sugar mill may cause some other type of pollution including Soil Pollution, Water Pollution and Noise Pollution. The Authority has considered these aspects and has made NSML obligatory to comply with the required rules and regulation on environment. Further, the Authority instructs NSML for submitting the required No Objection Certificate from EPA, Punjab in due course of time.


(vii). In view of this, the Authority hereby decides to approve the grant of Generation Licence to NSML on the terms and conditions 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

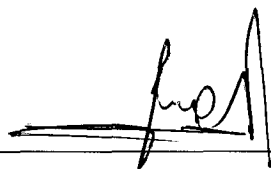
Habibullah Khilji
Member

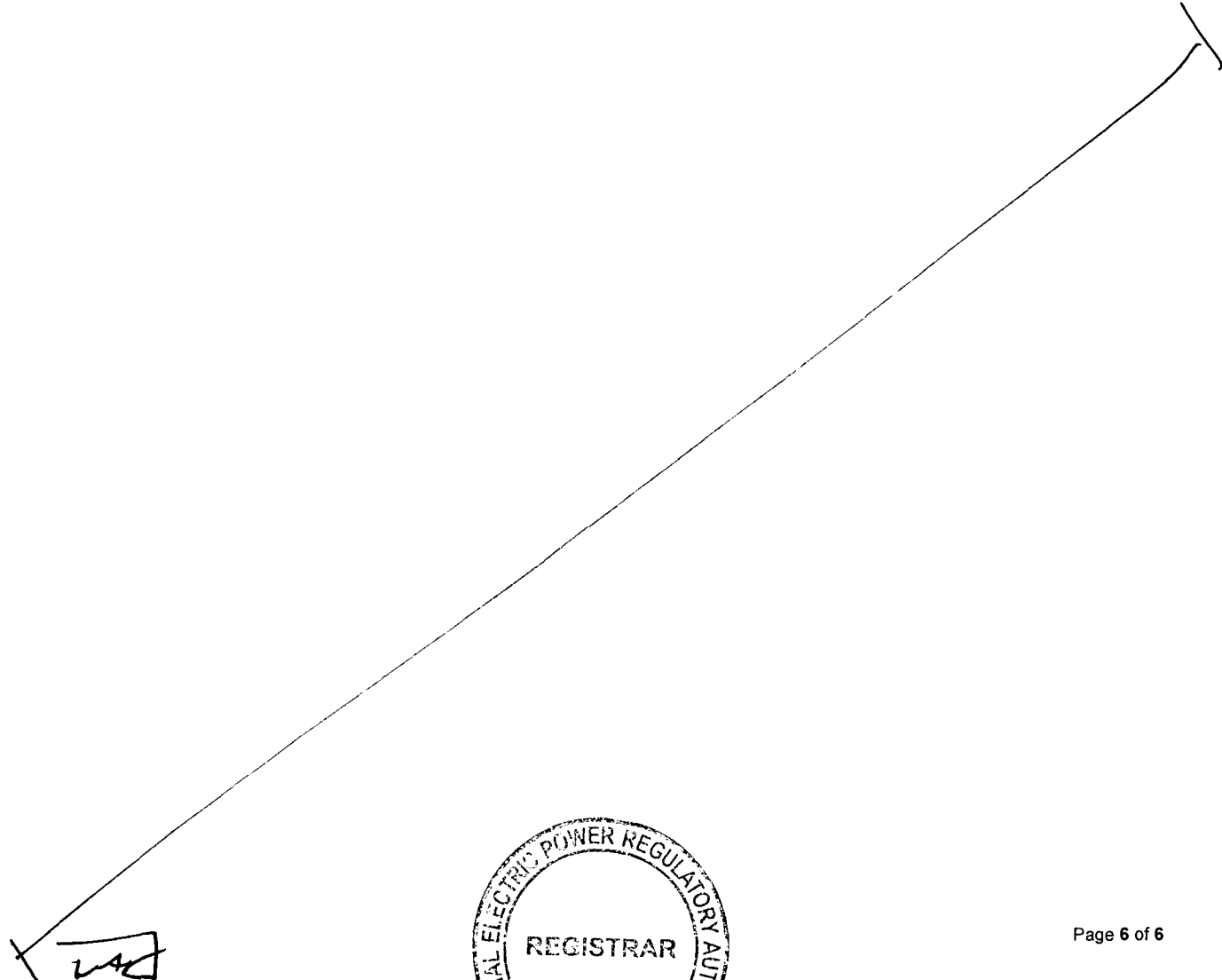

28/11/2013

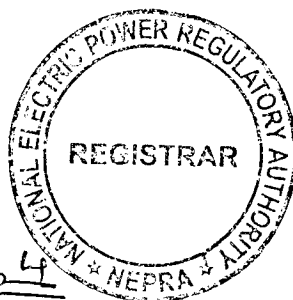
Maj. (R) Haroon Rashid
Member

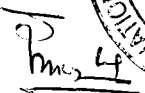
 28/11/13

Khawaja Muhammad Naeem
Member/Vice Chairman

 28.11.13






29.11.13