



Registrar

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

No. NEPRA/R/LAG-129/11832-34

September 30, 2013

Mr. Tariq Dastgir Khan
Company Secretary
Ramzan Sugar Mills Limited (RSML)
7-A, New Muslim Town,
Lahore

Subject: Generation Licence No. SGC/92/2013
Licence Application No. LAG-129
Ramzan Sugar Mills Limited (RSML)

Reference: Your application received vide letter No. nil, dated 04.12.2008

Enclosed please find herewith Generation Licence No. SGC/92/2013 granted by National Electric Power Regulatory Authority (NEPRA) to Ramzan 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/92/2013)

(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/92/2013

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:

RAMZAN SUGAR MILLS LIMITED

Incorporated under the Companies Ordinance, 1984
Company Registration No. L-02607, dated August 04, 1990

for its Bagasse based Thermal Generation Facility located at 26-KM Chiniot-
Jhang Road, District Chiniot in the Province of Punjab

(Installed Capacity: 12.00 MW Gross ISO)

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

Given under my hand this 30th day of September Two
Thousand & Thirteen and expires on 29th day of September
Two Thousand & Thirty One


Registrar

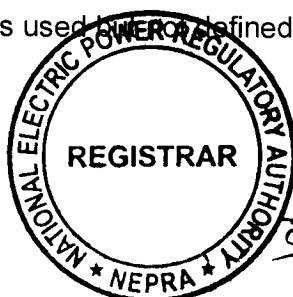


Article-1
Definitions

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) "CPPA" means "the Central Power Purchasing Agency of NTDC" or any other entity created for the like purpose;
- (d) "FESCO" means "Faisalabad Electric Supply Company Limited and its successors and permitted assigns;
- (e) "Licensee" means Ramzan Sugar Mills Limited and its successors and permitted assigns;
- (f) "NTDC" means "the National Transmission and Despatch Company Limited or any other entity created for the like purpose";
- (g) "Policy" means "the Policy for Development of Renewable Energy for Power Generation, 2006 of Government of Pakistan" as amended from time to time;
- (h) "Power Purchaser" means a Distribution Licensee which purchases electricity from the Licensee, pursuant to a power purchase agreement for procurement of electricity;
- (i) "Rules" mean the National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000.

1.2 Words and expressions used hereinafter 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.

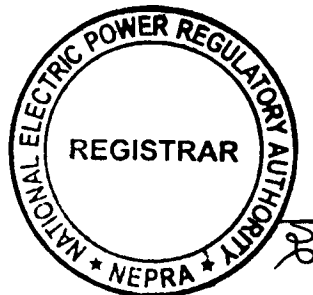
Article-4
Term of Licence

4.1 This Licence is granted for a term of eighteen (18) 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.

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 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.

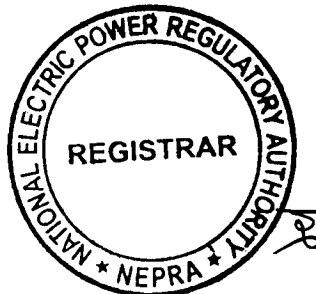
7.2 Any variation or modification in the above-mentioned contracts for allowing the parties thereto to participate wholly or partially in the Competitive Trading Arrangement shall be subject to mutual agreement of the parties thereto and such terms and conditions as may be approved by the Authority.

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
Power off take Point and Voltage

The Licensee shall deliver power at the outgoing bus bar of its 11 KV grid station. The up-gradation (step up) of generation voltage up to 11 KV 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 has been in the control or possession of the Licensee.

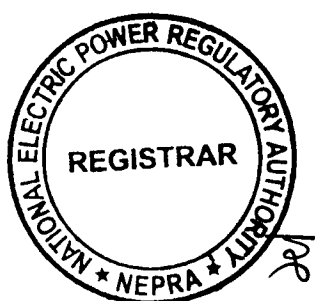
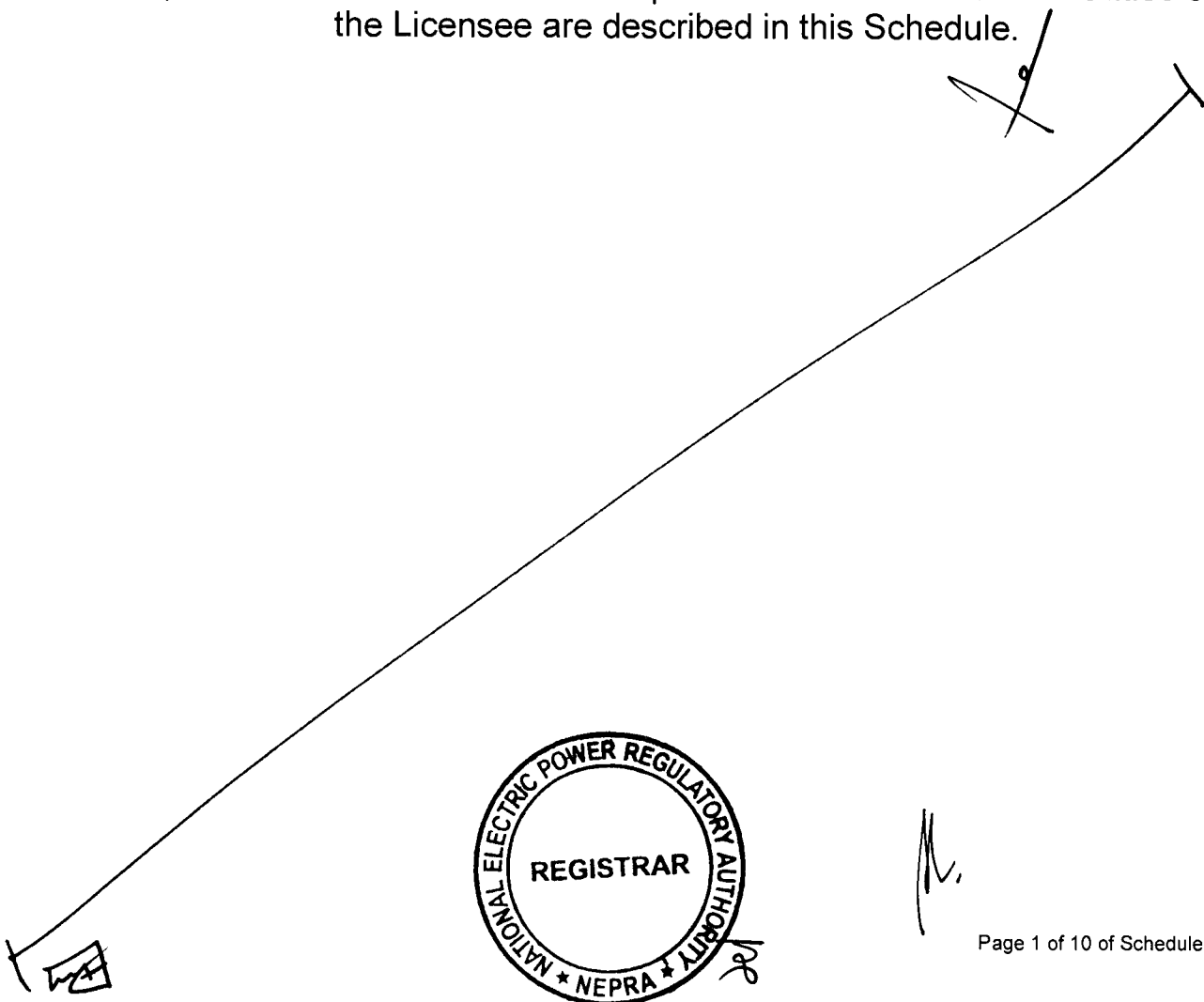
Article-13
Emissions Trading /Carbon Credits

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






SCHEDULE-I

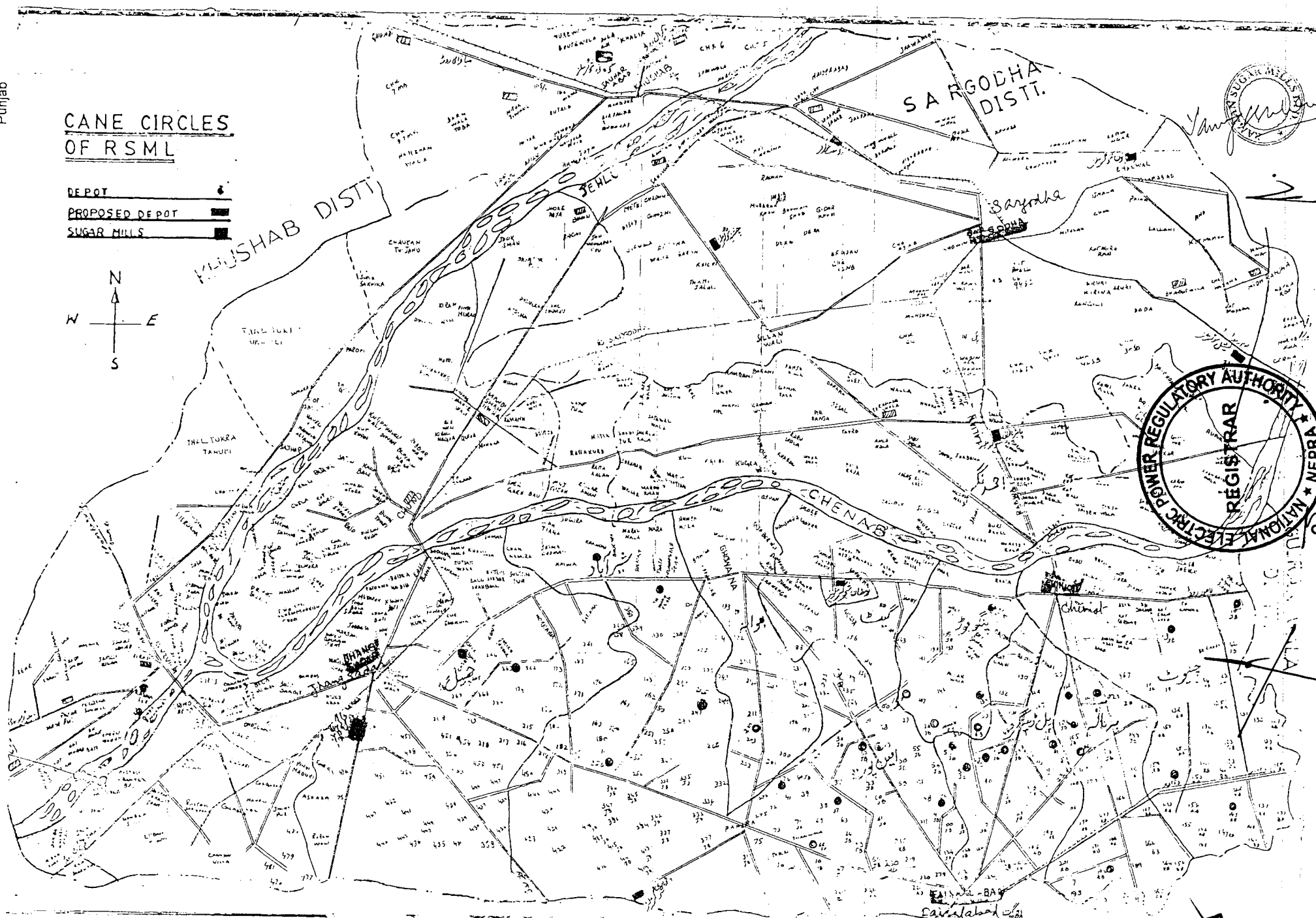
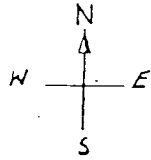
The Location, Size (i.e. Capacity in MW), Type of Technology, Interconnection Arrangements, Technical Limits, Technical/Functional Specifications and other details specific to the Generation Facilities of the Licensee are described in this Schedule.

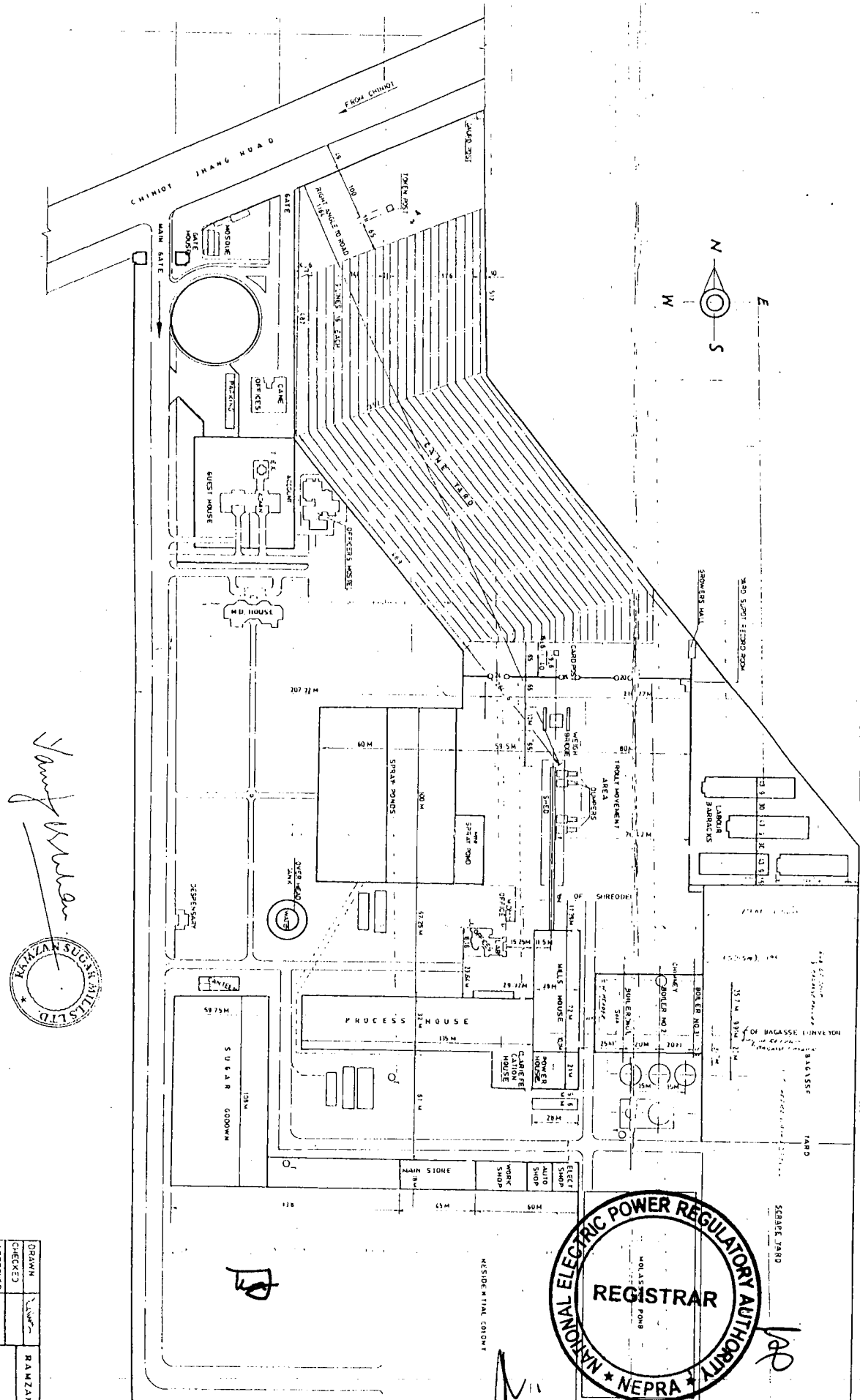


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CANE CIRCLES OF RSML

DEPOT 
 PROPOSED DEPOT 
 SUGAR MILLS 

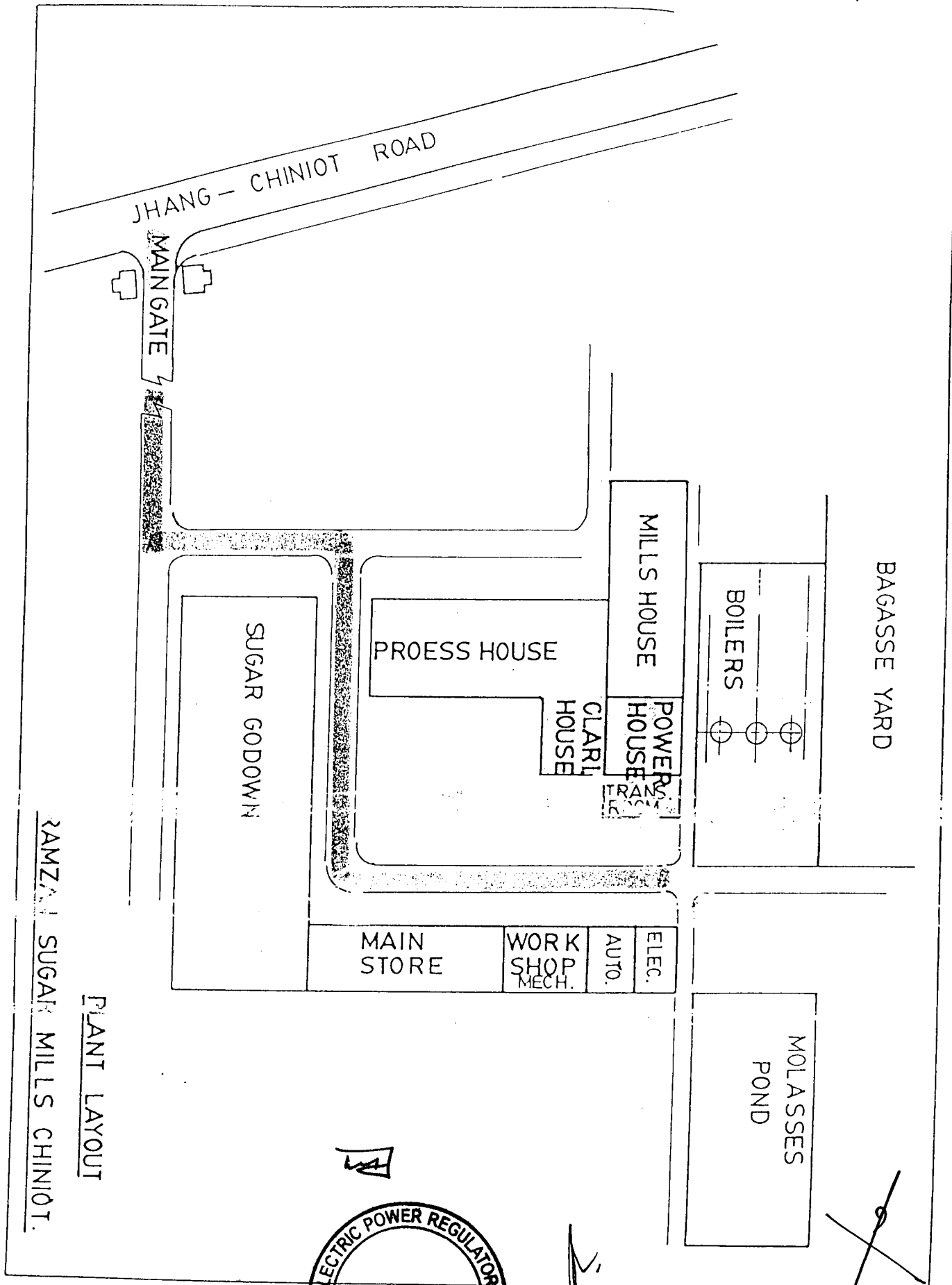




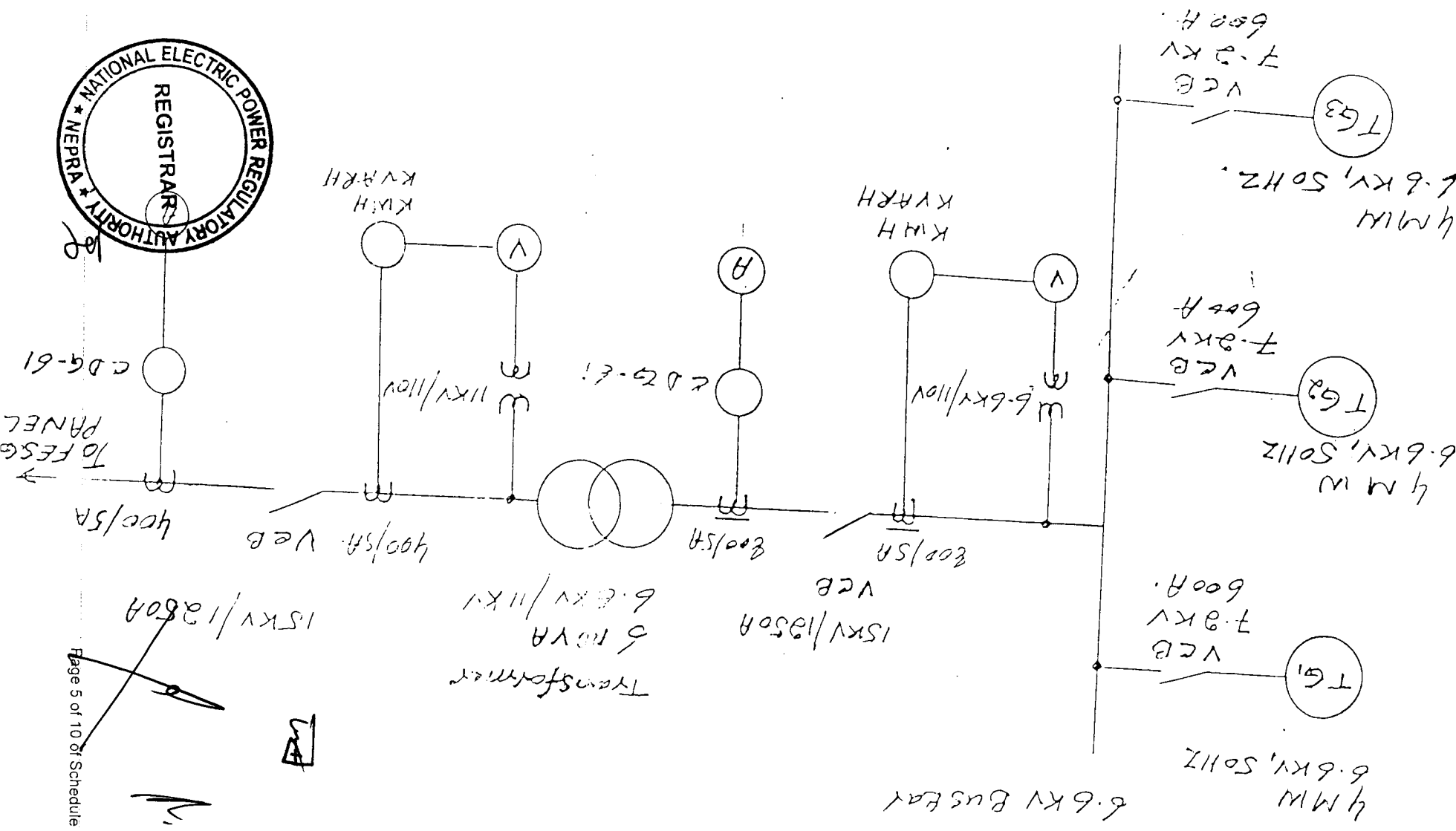
Yaqub Khan



DESIGN	Yaqub Khan	RAMZAN SUGAR MILLS LTD
CHECKED		
APPROVED		LAYOUT PLAN
	01/02/08	



JUNNA GENERATION SINGLE LINE DIAGRAM R.S.M.L.

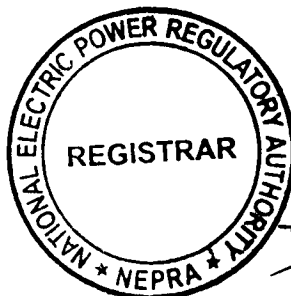


**Interconnection Arrangement/Transmission
Facilities for Dispersal of Power From the
Generation Facility/Power Plant**

The power generated by Ramzan Sugar Mills Limited (RSML) from its Bagasse based Thermal Power Generation facility shall be dispersed to the Load Center of FESCO.

The Interconnection Arrangement/Transmission Facilities for the above mentioned facilities will be at 11 KV voltage connecting the generation facility of RSML to 66 KV Grid Station of Bhawana through overhead feeders (of Bukharian and Jamiabad).

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



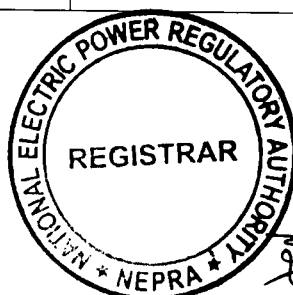
Detail of Generation Facility/ Power Plant

(A). General Information

(i).	Name of Applicant	Ramzan Sugar Mills Limited
(ii).	Registered /Business Office	7-A, New Muslim Town Lahore in the Province of Punjab
(iii).	Plant Location	26-KM Chiniot-Jhang Road, District Chiniot, in the Province of Punjab.
(iv).	Type of Generation Facility	Bagasse Fired Thermal Power Station.

(B). Plant Configuration

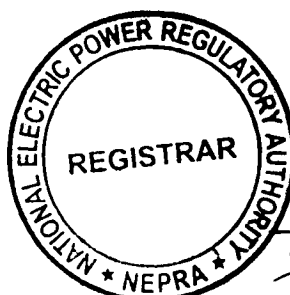
(i).	Plant Size Installed Capacity	12.00 MW		
(ii).	Type of Technology	Conventional Steam Turbine based Power Plant		
(iii).	Number of Units/Size (MW)	Unit-1	Unit-2	Unit-3
		4.00 MW	4.00 MW	4.00 MW
(iv).	Unit Make/ Model & Year of Manufacture	Unit-1	Unit-2	Unit-3
		Shinko Industries Limited/DNG-42-65	Shinko Industries Limited/DNG-42-65	Shinko Industries Limited/DNG-42-65
(v).	Commissioning/ Commercial Operation date of the each Unit of the Generation Facility	Unit-1	Unit-2	Unit-3
		1991	1991	1991



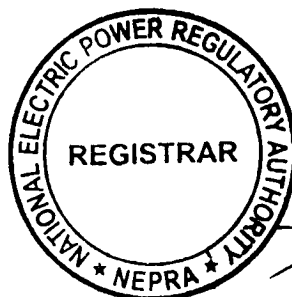
(vi).	Expected Useful Life of Each Unit of the Generation Facility from its Commercial Operation/ Commissioning Date	Unit-1	Unit-2	Unit-3
		40 Years	40 Years	40 Years
(vii).	Expected Remaining useful Life of each Unit of the Generation Facility (at the time of grant of Generation Licence)	Unit-1	Unit-2	Unit-3
		18 Years	18 Years	18 Years
(viii).	Term of the Generation Licence (based on Remaining Useful Life of Latest Commissioned Unit of the Generation Facility)	18 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 & Imported	Indigenous & Imported



		Primary Fuel	Alternate Fuel	Start Up Fuel
(v).	Fuel Supplier	Ramzan Sugar Mills Limited/RSML	Pakistan State Oil (PSO)	Pakistan State Oil (PSO)
(vi).	Supply Arrangement	Through Conveyor Belts/Loading Trucks/Tractor Trolleys etc	Through Oil Tankers	Through Oil Tankers
(vii).	Sugarcane Crushing Capacity	8,500 Tons Per Day		
(viii).	Bagasse Generation Capacity	2,550 Tons per day		
(ix).	Fuel Storage facilities	Primary Fuel	Alternate Fuel	Start Up Fuel
		Bulk Storage	2 Tanks	
(x).	Capacity of Storage facilities	Primary Fuel	Alternate Fuel	Start Up Fuel
		20,000 tons bulk storage	500 M ³	
(xi).	Gross Storage Capacity	Primary Fuel	Alternate Fuel	Start Up Fuel
		20,000 tons Bulk Storage	1000 M ³	



(D). **Emission Values**

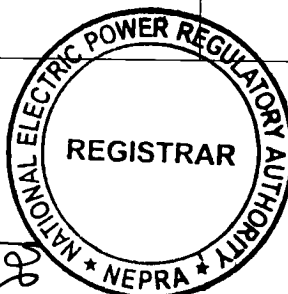
		Primary Fuel	Alternative Fuel
(i).	SO _x (mg/Nm ³)	NA	< 400mg/m ³
(ii).	NO _x (mg/Nm ³)	115	< 400mg/m ³
(iii).	CO ₂	13.5	12% ~ 13%
(iv).	CO (mg/Nm ³)	2080	< 3%
(v).	PM ₁₀	N.A	0.107mg/m ³

(E). **Cooling System**

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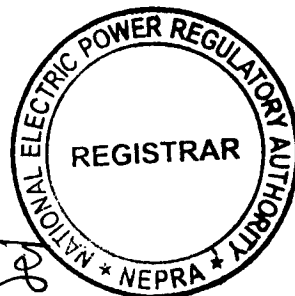
(F). **Plant Characteristics**

		Unit-1	Unit-2	Unit-3
(i).	Generation Voltage	6.6 KV	6.6 kV	6.6 KV
(ii).	Frequency	50 HERTZ	50 HERTZ	50 HERTZ
(iii).	Power Factor	0.8 Lagging	0.8 Lagging	0.8 Lagging
(iv).	Automatic Generation Control (AGC)	Yes	Yes	Yes
(v).	Ramping Rate	90 MIN	90 MIN	90 MIN
(vi).	Time required to Synchronize to Grid	30-45 Second	30-45 Second	30-45 Second



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

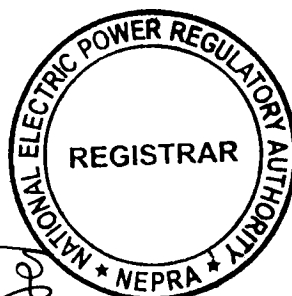


SCHEDULE-II

(1).	Total Gross Installed Capacity	12.00 MW
(2).	De-rated Capacity at Mean Site Conditions	11.50 MW
(3).	Auxiliary Consumption	01.00 MW
(4).	Net Capacity of the Plant at Mean Site Conditions	10.50 MW

Note

All the above figures are indicative as provided by the Licensee. The Net Capacity available to FESCO/CPPA 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
Ramzan Sugar Mills Limited

September 25, 2013
Application No. LAG-129

(A). Background

(i). Ramzan Sugar Mills Limited (RSML) is maintaining a bagasse based thermal power plant for captive use. RSML entered into an agreement with Faisalabad Electric Supply Company Limited (FESCO), for supplying upto 12.00 MW (Maximum) of surplus electricity from the above facility.

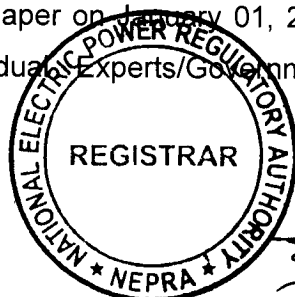
(ii). According to the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act), for selling/supplying power to FESCO or any other entity, RSML is required to have a Generation Licence.

(B). Filing of Generation Licence Application

(i). In accordance with Section 15 of the NEPRA Act, RSML filed an application on December 05, 2008, requesting for the grant of Generation Licence.

(ii). The Authority admitted the same under Regulation 7 of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999 (the "Regulations") on December 29, 2008 for consideration of grant of a Generation Licence and approved the advertisement about the Notice of Admission (NoA) to be published in daily newspapers, seeking comments of the general public as stipulated in Regulation 8 of the Regulations.

(iii). 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. Accordingly, NoA was published in one Urdu and one English National Newspaper on January 01, 2009. Further, separate notices were also sent to Individual Experts/Government Ministries/Representative



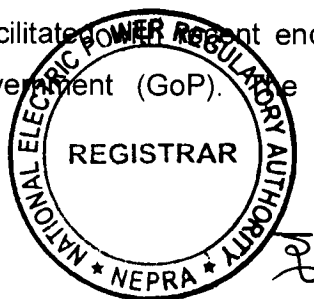
Organizations etc. on the same date of January 01, 2009 for submitting their views/comments in the matter.

(C). Comments of Stakeholders

(i). In reply to the above, the Authority received comments from three (03) stakeholders including Central Power Purchasing Agency (CPPA) of National Transmission and Dispatch Company Limited (NTDC), Alternative Energy Development Board (AEDB) and Finance Department, Government of Punjab (FDGoP).

(ii). The following comments were offered by the above stakeholders: -

- (a). CPPA through its letter dated January 01, 2009 remarked that it supported the application of RSML pending with NEPRA for grant of Generation Licence;
- (b). AEDB vide its correspondence of January 14, 2009 commented that AEDB is pursuing an extensive plan for the execution & implementation of biomass/waste to power generation projects with the collaboration of public/private investors in the country. RSML should apply to AEDB for LOI. RSML should also submit the proposal of generating power from bagasse to AEDB before putting up its case to NEPRA for the consideration of grant of Generation License so that AEDB may evaluate the subject project and furnish its comments;
- (c). FDGoP commented through its communication of January 15, 2009 that the low cost production of electricity from Bagasse is encouraging. It seems from the information given that the Generation license is required for an existing electricity generation plant of RMSL. The Company has the installed capacity to produce surplus power and the sale of electricity has been facilitated by the recent encouraging policies of the Federal Government (GoP). The Government of Punjab



(GoPb) with the support of NEPRA is keen to support similar initiatives for capacity enhancement to make cheap power available from an environmentally friendly indigenous fuel.

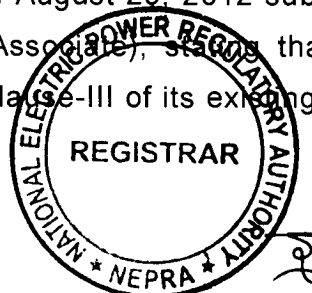
(iii). As explained above, CPPA and FDGoP supported the grant of the Generation Licence whereas AEDB urged the applicant to apply for the LOI first before getting its application processed.

(iv). However, the Authority did not consider the comments of AEDB relevant as RSML was an existing facility which was not availing concessions under the Policy for Development or Renewable Energy for Power Generation, 2006. Accordingly, the Authority informed AEDB through letter dated February 03, 2009 about its position in the matter and decided to proceed further with processing of the application, as stipulated in the relevant Regulations and NEPRA Licensing (Generation) Rules, 2000 (the Rules).

(D). Approval/Grant of Generation Licence

(i). The Authority in its Regulatory Meeting (RM-09-59), dated March 02, 2009, considered the request of RSML for the grant of Generation Licence and approved the same. However, the Authority directed to put on hold the issuance of Generation Licence till the time, RSML submits an amended Memorandum of Association (MoA) duly approved from Securities and Exchange Commission of Pakistan (SECP), indicating power generation as one of its business objectives.

(ii). In the light of the above, RSML was directed through this office letter dated March 06, 2009 for submitting the revised MoA. However, RSML did not submit the revised MoA. The matter was continuously followed up with RSML through a series of reminders dated April 20, 2009, June 02, 2010, and September 16, 2011 however, the matter remained unresolved. In reply to the latest correspondence of this office, RSML through its correspondence dated August 29, 2012 submitted an opinion of its Legal Counsel (Hamid Law Associates), stating that the generation of electricity is already covered in Clause-III of its existing MoA. The Authority

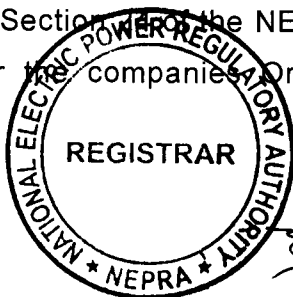


considered the submission of RSML in its Regulatory (RM-12-574), held October 16, 2012 and decided to issue a notice to RSML for making a representation before the Authority as stipulated in Regulation 9(3) of the Regulations.

(iii). The above directions of the Authority were conveyed to RSML through letter dated November 08, 2012 for submitting a representation in the matter. In reply to the said, RSML submitted that it has no objection to modification of its MoA. However, due to stay order passed by Lahore High Court, the amendment in MoA is being delayed. RSML further stated that its MoA cannot be modified due to injunctive order of the court. Even, a general meeting which is a pre-requisite for the modification of the MoA, cannot be called due to the said court order. RSML further submitted that in view of the said, its Board of Directors (BoD) has passed a unanimous resolution to take all appropriate steps to ensure that the MoA is expeditiously amended. Furthermore, the BoD has also undertaken that they shall immediately call a general meeting for modifying MoA as soon as the injunctive order is vacated or the litigation is otherwise concluded. RSML requested for issuing a conditional Generation Licence or otherwise the application be kept pending till modification of the MoA and in the interim RSML may be allowed to continue selling the surplus electric power available with it to FESCO.

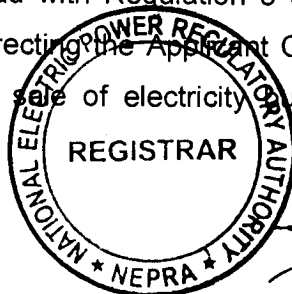
(iv). The Authority in its Regulatory Meeting (RM-13-074), held on February 12, 2013, considered the above submissions of RSML and decided to grant an opportunity of hearing to RSML. Accordingly, the hearing was convened on April 23, 2013 in which Mr. Tariq Dastagir Khan Director, Mr. Sajjad Anwar General Manager (operation) and Shezad Elahi (Legal Counsel) represented RSML.

(v). During the hearing, the Legal Counsel of RSML submitted that primary objection of the Authority to the grant of Generation Licence is the absence of independent clause in MoA for power generation. However, this requirement is neither in the NEPRA Act nor in the Rules. The requirement for a Generation Licensee under Section 40 of the NEPRA Act is that it is to be a registered company under the companies Ordinance. Further, the



relevant Regulation requires MoA is to be filed with the application and these requirements have already been fulfilled and in view of this the grant of Generation Licence cannot be denied. RSML also submitted that according to Clause-III of its existing MoA [which is read as "The sole objective for which the Company is being established is to be set up and operate an Industrial undertaking for the production of sugar of all types and its by-products"], it is authorized to establish and operate 'Industrial Undertaking' for production of sugar. Further, industrial undertaking set up for production of sugar necessarily includes a power co-generation unit for production of electricity and steam. RSML submitted that according to the above clause of its MoA, it can own and operate each and every part of Industrial Undertaking required for production of sugar which includes its power co-generation unit. Therefore, as a necessary corollary, RSML can dispose off or sell anything related to or arising from such Industrial Undertaking. In order to strengthen its claim of co-generation in a sugar plant, RSML also quoted a dissenting note of the then Member Mr. Shaukat Ali Kundi. RSML also explained that ordinarily, it would have amended its MoA to remove all concerns of the Authority. However, due to injunctive orders in pending litigation, the company cannot call its general meeting and the same has not been convened for the past many years. Therefore, RSML is unable to amend its MoA. The representatives of RSML also submitted an undertaking from its BoD that as soon as injunctive order issued by the Honorable Lahore High Court is vacated, the company shall take all necessary steps for amendment of its MoA to include a specific objects clause relating to generation and sale of the electric power.

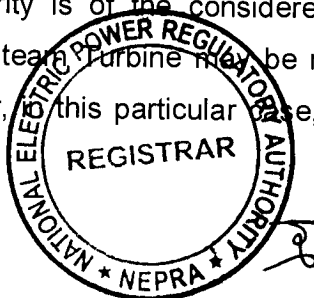
(vi). The Authority has considered the submissions made by Counsel of RSML. As regard to the submission of RSML that there is no requirement of a specific object clause in MoA by a company under the existing legal frame work of NEPRA, it is observed that such an interpretation of provisions of law is not admissible as the purpose of seeking a certified copy of MoA is to ensure that the prospective licensee has the capacity and authorization through its MoA to carryout business of generation and sale of electricity therefore, reliance of RSML on Section 24 of NEPRA Act read with Regulation 3 (5) (a), is misplaced. The Authority in the past has been directing the Applicant Companies to submit MoA with a specific object clause for sale of electricity business. It has also been



clarified through Guidelines of April 28, 2008 at clause 5 where it is required that any generation company desirous to sell electricity should explicitly contain electricity generation business in its MoA.

(vii). As regard to the submission of RSML regarding consideration of its existing Clause-III as reproduced above, it is stated that the RSML has claimed that electricity produced from its industrial undertaking is the by-product and therefore company can lawfully sell electricity in view of the aforesaid clause and under company law power to carry out an object, included power to carry out what was incidental or conducive to the attainment of that object. The Authority is convinced that such interpretation is admissible and a company formed for the purpose of production of sugar generally has the power plant for generation of electricity. It is lawful for the Company to generate electricity for self use and may sell surplus power to a distribution company. The Authority is also mindful of the fact that there is severe shortage of electricity in the country and on account of technical reason such as amendment in the MoA of the RSML, it is not prudent to reject the application of grant of Generation Licence. Therefore in the peculiar circumstances of the instant case and in view of the injunctive order of the Lahore High Court, the Application for grant of Generation Licence is approved. However it is clarified that RSML shall submit the amended copy of MoA as soon as the stay granted by the court is vacated.

(viii). According to Rule 5(1) of the Rules, 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 generation facility of RSML consists of three (03) Steam Turbines which were commissioned in 1991. RSML has estimated the useful life of this unit to be forty (40) years from its Commercial Operation Date (COD) and has requested that this may be taken as a bench mark in determining the term of its proposed Generation Licence. In this regard, the Authority clarifies that the normal operating life of a Steam Turbine is taken as 30-35 years based on its around 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. The Authority is of the considered opinion that for a sugar industry the useful life of a Steam Turbine may be more than fifty (50) years if maintained properly. However, in this particular case, RSML has consented to a

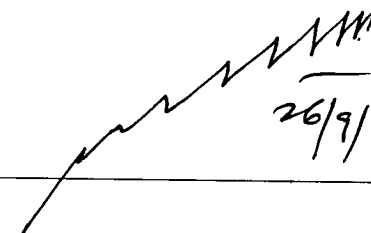


shorter term and has requested for assuming the useful life of its generation facility to forty (40) years. In view of this, the Authority agrees to the submissions of RSML. In consideration of the said, the Authority hereby sets the term of the Generation Licence to eighteen (18) years from the date of its issuance as the units of the generation facility has already completed almost twenty two years of their operation since commissioning.

(ix). In view of this, the Authority hereby decides to approve the grant of Generation Licence to RSML 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

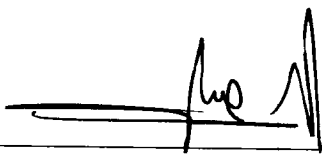
Habibullah Khilji
Member

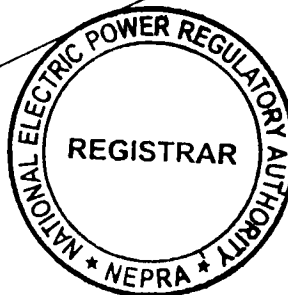

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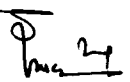
Maj. Retd. Haroon Rashid
Member


26/9/13

Khawaja Muhammad Naeem
Member/Vice Chairman


22/9/13




30.09.13