



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/R/LAG-210/ 7174-79

June 26, 2014

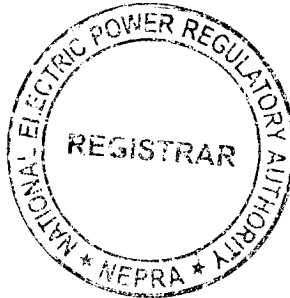
Mr. Amar Khalid  
Director  
Blue Star Hydel (Private) Limited  
House No. 37/B, Street 1,  
Askari 10, Lahore Cantt,  
Lahore

Subject: **Determination of the Authority in the matter of Generation Licence Application of Blue Star Hydel (Private) Limited.**

Reference: Your letter No. BSEPL/NEPRA/11/LIC/1, dated 20<sup>th</sup> October, 2011.

Enclosed please find herewith determination of the Authority in the matter of generation licence application filed by Blue Star Hydel (Private) Limited.

Enclosure:/As above



(Syed Safeer Hussain)

Copy to:

1. Managing Director, Punjab Power Development Board, Government of Punjab, 1<sup>st</sup> Floor, Central Design Building, Irrigation Secretariat, old Anarkali, Lahore.
2. Chief Executive Officer, NTDC, 414-WAPDA House, Lahore
3. Chief Operating Officer, CPPA, 107-WAPDA House, Lahore
4. Chief Executive Officer, Gujranwala Electric Power Company (GEPCO), 565/A, Model Town, G.T. Road, Gujranwala
5. Director General, Pakistan Environmental Protection Agency, Plot No. 41, Street No. 6, H-8/2, Islamabad.

**National Electric Power Regulatory Authority**  
**(NEPRA)**

**Determination of the Authority**  
**in the Matter of Generation Licence Application of**  
**Blue Star Hydel (Private) Limited**

**June 25, 2014**  
**Case No. LAG-210**

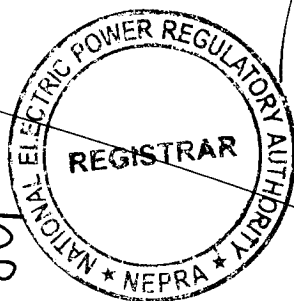
**(A). Background**

(i). The Govt. of Punjab has set up Punjab Power Development Board (PPDB) for harnessing the indigenous resources for electric power generation. PPDB allocated/allotted a solicited Site to Blue Star Energy (Private) Limited (BSEPL) for the development of a 3.2 MW Khokhra Hydro Power Project (HPP) on Gujrat Brach Canal at RD 0 + 600, District Mandibahauddin in the Province of Punjab.

(ii). BSEPL incorporated a Special Purpose Vehicle (SPV) in the name of Blue Star Hydel (Private) Limited (BSHPL) for the development of Project. In view of the solicited site, there was no requirement for the preparation of the Feasibility Study (FS) and its approval. Accordingly, BSHPL decided to approach the Authority for the grant of Generation Licence.

**(B). Filing of Generation Licence Application**

(i). BSHPL in accordance with Section 15 of Regulation of Generation, Transmission and Distribution of Electric Power Act 1997 (the NEPRA Act), filed an application on October 20, 2011, requesting for grant of a Generation Licence. Registrar examined the submitted application and found the same non-compliant with the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 (the "Regulations").



(ii). In view of the above, Registrar directed BSHPL for submitting the missing information/documents as stipulated in the Regulations. BSHPL submitted piece meal information and finally completed the information/documentation on July 09, 2012. After completion of the required information, the Authority admitted the application under Regulation 7 of the Regulations on August 02, 2012 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.

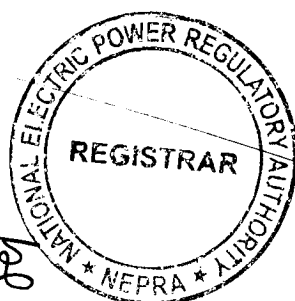
(iii). The Authority also approved the list of interested/affected parties for inviting comments or otherwise assisting the Authority in the matter as stipulated in Regulation 9 of the Regulations. Accordingly, NoA was published in one Urdu and one English National Newspaper on August 04, 2012. Further, separate notices were also sent to Individual Experts/Government Ministries/Representative Organizations etc. on August 07, 2012 for submitting their views/comments in the matter.

### **(C). Comments of Stakeholders**

(i). In reply to the above mentioned NoA in the press, the Authority received comments from four (04) stakeholders. These included PPDB, Environment Protection Department Govt. of Punjab (EPDGoPb), Central Power Purchasing Agency (CPPA) of National Transmission and Desptach Company Limited (NTDC) and Indus River System Authority (IRSA).

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

- (a). PPDB described the background and confirmed that BSHPL was allocated a solicited site for the development of the HPP. PPDB supported the grant of Generation Licence to the BSHPL;



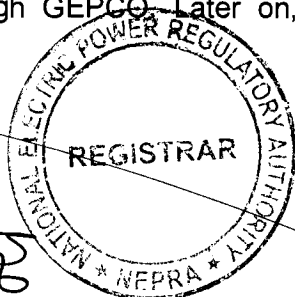
- (b). EPDGoPb submitted that project of BSHPL is required to submit Initial Environmental Examination (IEE) Report for clearance. The IEE report must address adverse Environmental Impacts Assessment and include an Environmental Management Plan to address the same. The sponsors of the project may be asked for doing the needful for further processing/approval;
- (c). CPPA expressed its no reservation for grant of Generation Licence to BSHPL subject to the meeting of all the conditions laid down in the NEPRA Licensing (Generation) Rules, 2000 (the Rules) and Policy for the Development of Renewable Energy for Power Generation-2006 of Govt. of Pakistan; and
- (d). IRSA in its comments desired copies of the FS and a presentation on the salient features of the project.

(iii). The perspective of BSHPL on the aforesaid position of EPDGoP and IRSA was sought. Further, BSHPL was also directed for submitting the Study on Interconnection and Transmission Arrangement for the generation facility and No Objection Certificate from EPDGoPb.

(iv). In reply to the above, BSHPL informed that it was coordinating with IRSA and necessary copies of the FS are being provided. Further, a presentation on the Project would also be arranged. BSHPL also confirmed that it was in close coordination with Gujranwala Electric Power Company Limited (GEPCO) and EPDGoPb for getting the approval of the Interconnection & Transmission Arrangement and NoC, once the same are obtained, these would be submitted to the Authority.

**(D). Change of Scheme**

(i). The initial application of BSHPL for the grant of Generation Licence was based on the premise that electric power from the HPP would be supplied to the National Grid through GEPCO. Later on, BSHPL through its letter (No.



BSHPL/NEPRA/12/BPC/1), dated November 20, 2012 informed that due to various difficulties it has decided to sell to a Bulk Power Consumer (BPC) instead of GEPCO. Further, BSHPL requested for the required formalities for the said change.

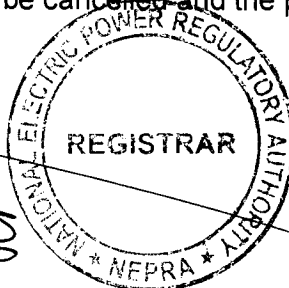
(ii). In view of the changed position, the Authority directed BSHPL for submitting information pertaining to the proposed BPC including its name, location, load, supply arrangement etc. In reply to the said, BSHPL provided the necessary details pertaining to its potential BPC stating that it plans supplying to Five Horse Steel (Pvt.) Limited with a connected load of 3.20 MW. BSHPL confirmed that the proposed BPC would be located adjacent to its generation facility without involving any public or private property. It also confirmed that the supply to BPC would be made through underground cable located on the private property of the BPC.

#### **(E). Fresh Admission & Comments**

(i). The Authority in its Regulatory Meeting (RM-13-215), held on April 17, 2013 considered the submissions of BSHPL and decided to admit the application afresh. Accordingly, a fresh NoA was published in one Urdu and one English National Newspaper on May 14, 2013. Further, separate notices were also sent to Individual Experts/Government Ministries/Representative Organizations etc. on May 29, 2013 for submitting their views/comments in the matter.

(ii). In reply to the above, the Authority received comments from PPDB, Pakhtunkhwa Hydel Development Organization (PHYDO) and CPPA. In their comments, PHYDO and CPPA supported the proposal of BSHPL for supplying to a BPC. Whereas, PPDB objected to the proposal of BSHPL for supplying to a BPC.

(iii). PPDB submitted that BSHPL was allocated a solicited Site and it is bound to supply the generated electric power from its proposed HPP to National Grid. PPDB stated that if BSHPL is not willing to supply to National Grid the allocated/allotted site would be cancelled and the project would be re-advertised.



**(F). Rejection of Application for Generation Licence**

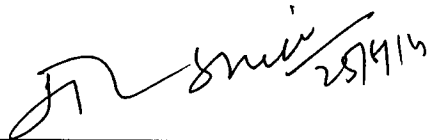
(i). The Authority considered the above comments of the stakeholders and directed BSHPL to resolve the matter with PPDB. However, BSHPL did not respond to the instructions. Accordingly, a reminder was sent to BSHPL.

(ii). In reply to the above, BSHPL submitted that it acted on the advice of the Authority and approached PPDB for resolving the matter. In this regard several meetings were held with PPDB however, regrettably the matter could not be resolved. Further, BSHPL stated that it has filed a writ petition under Article 199 of the Constitution of Pakistan against PPDB and others in the Honorable Lahore High Court (LHC). BSHPL requested the Authority to hold the matter in abeyance, being sub-judice before the LHC, till an order is passed.

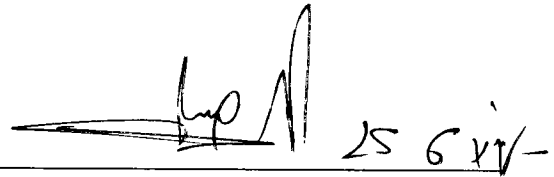
(iii). The Authority considered the matter and observed that under the Regulations a specific time frame has been provided for deciding an application for a Licence therefore, the Authority cannot keep the current application of BSHPL pending for an indefinite time. In view of the said, the Authority rejects the application BSHPL for the grant of Generation Licence. However, BSHPL may submit an application for the grant of Generation Licence afresh after resolving its issues with PPDB.

**Authority**

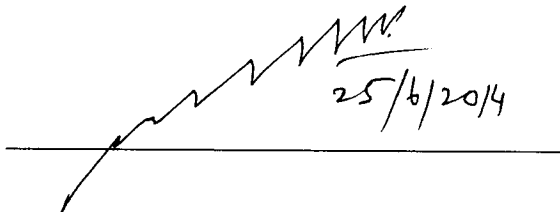
Maj. (R) Haroon Rashid  
Member

  
25/6/14

Khawaja Muhammad Naeem  
Member

  
25/6/14

Habibullah Khilji  
Member/Vice Chairman

  
25/6/2014

