



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad.

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Direct Phone : (051) 9206500

Website: www.nepra.org.pk

No. NEPRA/R/LAG-64/1262-63

August 17, 2005

Director,
Nadeem Power Generation (Pvt.) Ltd.
601-603 Commerce Centre,
Hasrat Mohani Road,
Karachi - 74200


Subject: **Grant of Generation Licence SGC/031/2005**
Licence Application No. LAG - 64
M/s. Nadeem Power Generation (Pvt.) Ltd. (NPGL)

Please refer to your application No. nil, dated August 31, 2000 to NEPRA for a Generation Licence.

2. Enclosed here is Generation Licence No. SGC/031/2005 granted by the Authority to M/s. Nadeem Power Generation (Pvt.) Ltd. The Licence is granted to you pursuant to Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
3. Also enclosed here is the 'Authorization' pursuant to Section 22 of the Act and Rule 7 of NEPRA Licensing (Generation) Rules - 2000 for sale to bulk power consumers.
4. Please quote above mentioned Generation Licence No. in your future correspondence with the Authority.

DA/as above.




17.08.05.
(Mahjoob Ahmad Mirza)

Copy for information to Director General, Pakistan Environmental Protection Agency,
44-E, Office Tower, Blue Area, Islamabad.

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

GENERATION LICENCE

No. SGC | 031 | 2005

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 (XL of 1997), the Authority hereby grants a Generation Licence to:

Nadeem Power Generation (Pvt.) Limited
(Installed Capacity: 2.805 MW)

Incorporated under the Companies Ordinance, 1984
Under Certificate of Incorporation

No. K-05522 Dated 1st November 1994

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

Given under my hand this 08th day of JULY, Two Thousand & Five, and expires on 07th day of JULY, Two Thousand & Twenty three

Registrar



Article 1
Application of Rules

Save as expressly provided otherwise, the provisions of the National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000 as amended from time to time shall apply to this Licence.

Article 2
Definitions

Unless there is anything repugnant in the subject or context and save as expressly defined hereinafter, words and expressions used in this Licence bear the respective meanings given thereto in the Act or in the Rules.

Article 3
Grant of Licence

- 3.1 The location, size (capacity in MW), technology, interconnection arrangements, technical limits, technical functional specifications and other details specific to the generation facilities of the licensee are set out in Schedule I to this Licence.
- 3.2 The net capacity of the licensee's generation facilities is set out in Schedule II hereto.

Article 4
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 National Electric Power Regulatory Authority (Fees) Rules, 2002.

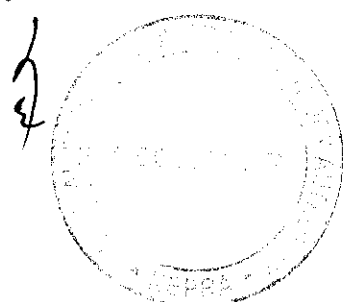
Article 5
Term and renewal of Licence

This Licence is granted for a term of 18 years.

Article 6
Tariff

The licensee shall charge from its consumers only such tariff which is either approved or specified by the Authority.

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**Article 7
Distribution Facilities of Licensee**

Not Applicable

**Article 8
Connection to Transmission System,
Compliance with Grid Code,
Pooling and Settlement Arrangement**

Not Applicable

**Article 9
Generating Capacity Reserve Requirements**

The installed generating capacity of the licensee shall not fall below (95% in the case of single consumer on a distribution feeder) of the connected load and generating capacity of the largest installed unit at the time of application for generation Licence.

**Article 10
Compliance with Performance Standards**

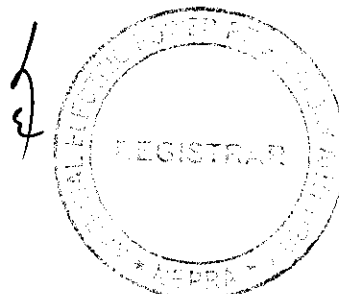
The licensee shall conform to the relevant NEPRA rules on Performance Standards as may be prescribed by the Authority from time to time.

**Article 11
Compliance with Environmental Standards**

The licensee shall conform to the environmental standards as may be prescribed by the relevant competent authority.

**Article 12
Maintenance of record**

- 12.1 The licensee shall keep complete and accurate record and the data in respect of all aspects of the generation business and the second-tier supply business, in their original as well as in electronic form.

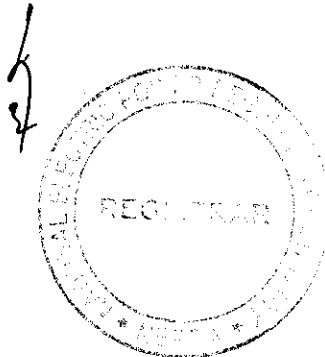


- 12.2 Without prejudice to the provisions of sub-rule 15(3) of the Rules, unless provided otherwise under the law or the applicable documents, all record and data shall be maintained for a period of 5 years after the creation of such record or data. The licensee shall not destroy or dispose off any such record or data after the aforesaid period without thirty days prior written notice to the Authority. The licensee shall also not dispose off or destroy any record or data which the Authority directs the licensee to preserve.
- 12.3 All record and data maintained in an electronic form shall, subject to just claims of confidentiality, be accessible to the staff authorized by the Authority.

Article13
Provision of information

- 13.1 The obligation of the licensee to provide information to the Authority shall be in accordance with Section 44 of the Act.
- 13.2 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.

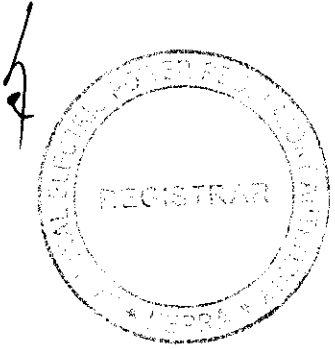
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SCHEDULE-I

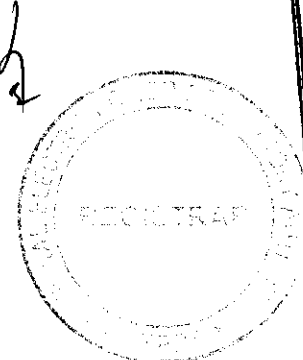
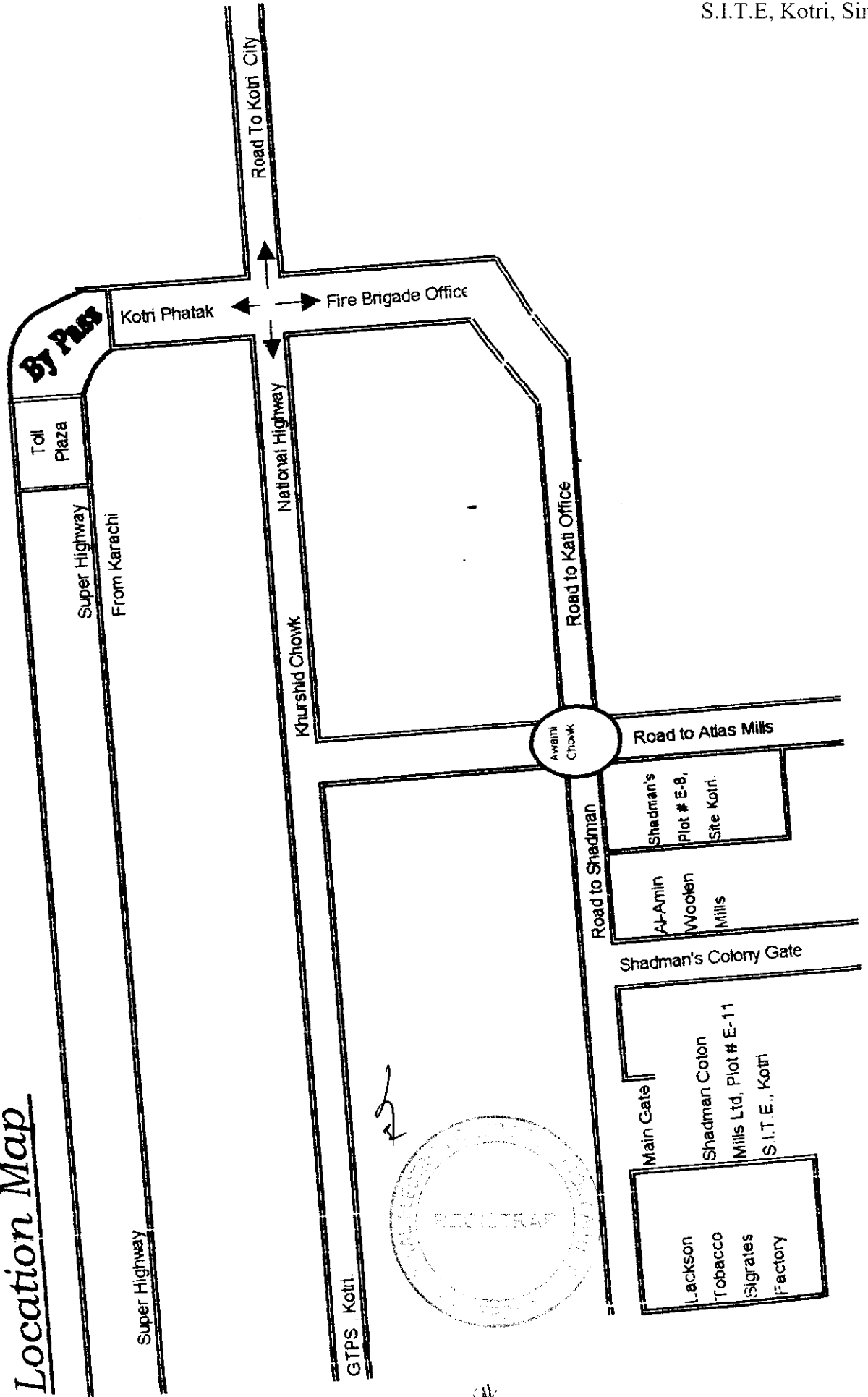
- The location, size (capacity in MW) technology interconnection arrangements, technical limits technical functional specifications and other details specific to the generation facilities of the licensee

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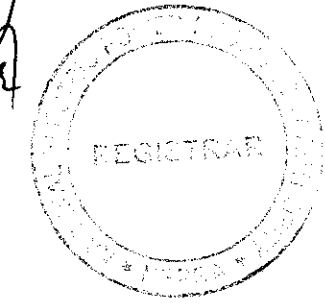
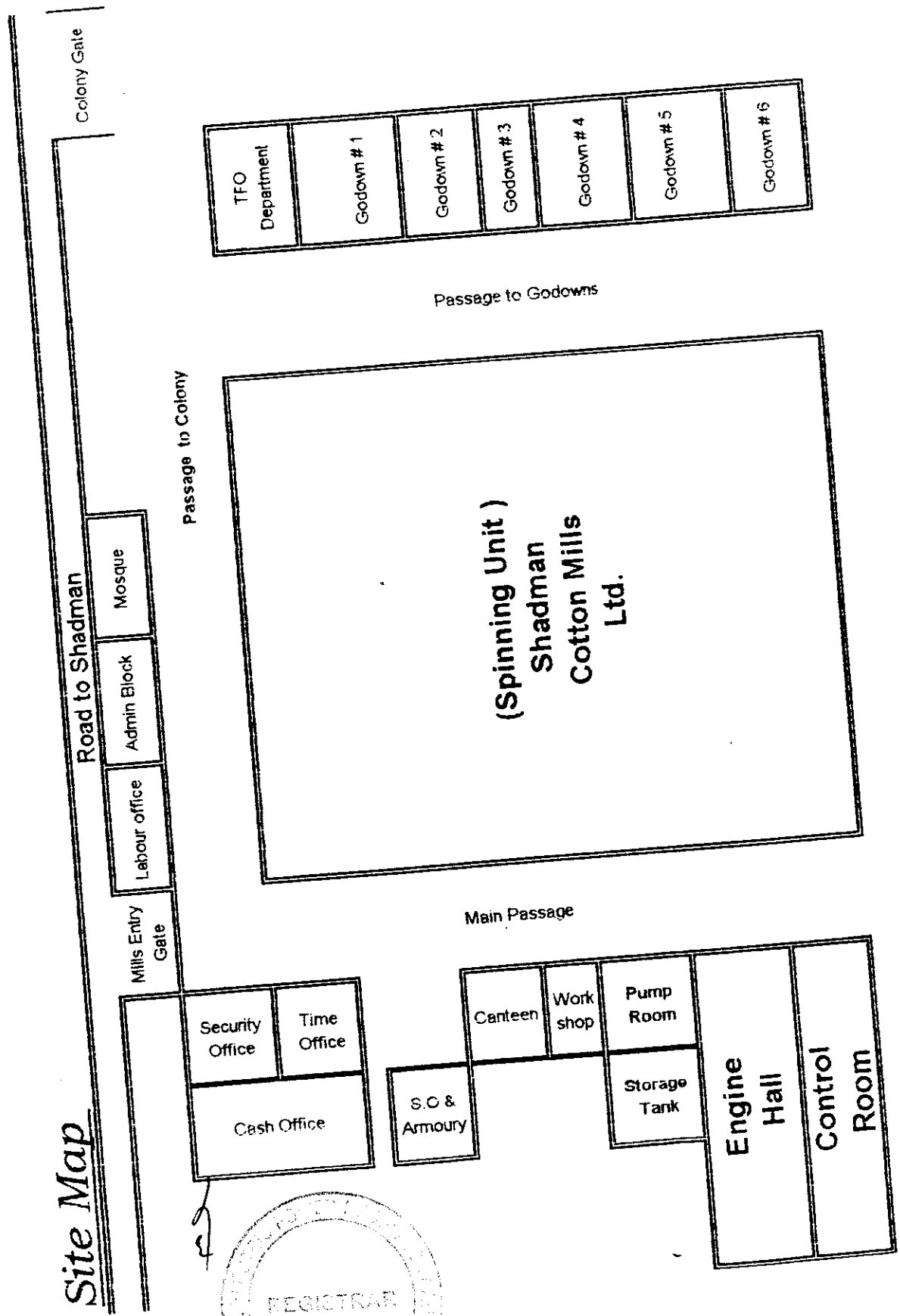
Shadman Cotton Mills Ltd, E-11, S.I.T.E., Kotri.

Location Map

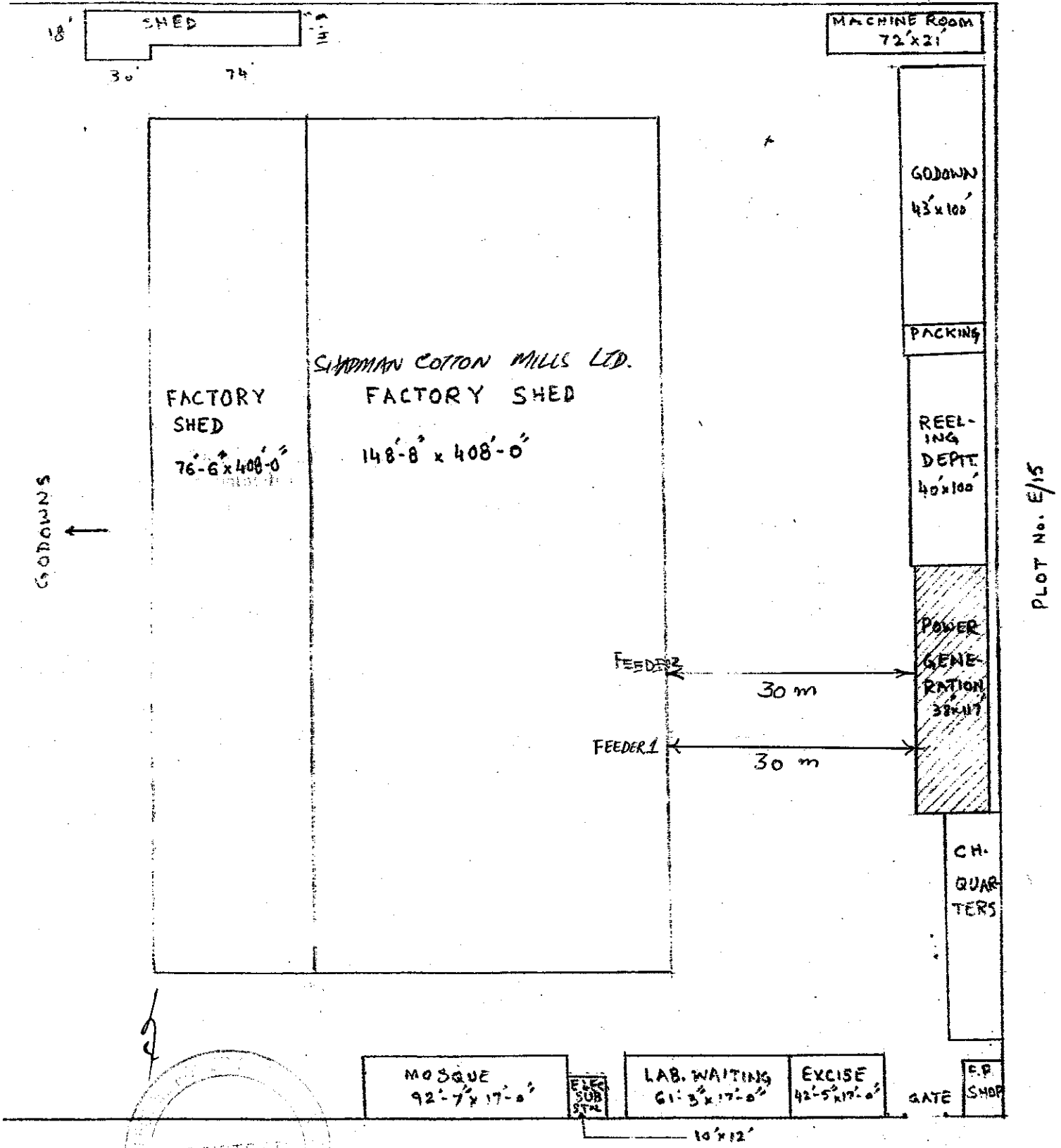


Shadman Cotton Mills Ltd,
 E-11, S.I.T.E., Kotri.

Site Map



SKETCH SHOWING LOCATION OF
POWER GENERATION OF NADEEM POWER GENERATION
LTD. KOTRI



PLANT DETAILS

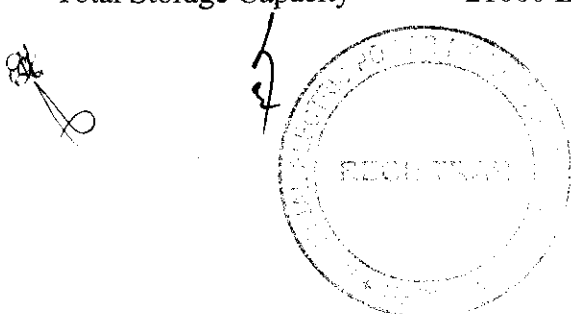
1. Name of Applicant Nadeem Power Generation (Pvt.) Ltd.
2. Registered Office 601-603, Commerce Centre, Hasarat Mohani Road, Karachi.
3. Plant Location Plot No. E-11, S.I.T.E, Kotri, Sindh
4. Type of Facility Thermal Generation

Plant Configuration

- 5.a Plant size 2.805 MW
- 5.b Type of Technology Gas Engines
- 5.c Number of Units
Units (1-3) Unit (4)
3 1
- 5.d Unit Size (MW) 0.635 0.900
- 5.e Unit Make and Model **WauKesha L-7042G** **Waukesha 5904 LTD**
- 5.f Date of Commissioning 1996/1997 August 2003

Fuel Use

- 6.a Fuel Type Natural Gas
- 6.b Fuel (imported/ indigenous) Indigenous (Local Gas Field)
- 6.c Fuel Supplier SSGC
- 6.d Supply Agreement Yes
- 6.e No. of Tanks Two(Diesel Tanks for Standby Diesel Engine only)
- 6.f Storage Capacity/Tank Tank 1: 18000 Liters
Tank 2: 3000 Liters
- 6.g Total Storage Capacity 21000 Liters



Emission Values

		Units (1-3)	Unit (4)	Units
7.a	SO ₂	NIL	NIL	
7.b	NO _x	8.5	4.2	g/bhp-hr
7.c	CO	32	1.8	g/bhp-hr
7d.	Hydrocarbons	0.35	0.25	g/bhp-hr
8	Cooling Water Source	River Water		
9	Installed Capacity	2.805 MW		
10	Derated Capacity	2.750 MW		
11	Expected Remaining Life of the Facility	15-20 years		
12	Operational Record	Provided		

13. Project Cost (Million Rupees)

13.a	Equity	6.494
13.b	Debt	40.276
13.c	Total Project Cost	46.770

14. Plant Characteristics

14.a	Generation Voltage	415V
14.b	Frequency	50Hz
14.c	Power Factor	0.80
14.d	Automatic Generation Control	Yes
14.e	Alternative Fuel	LPG
14.f	Auxiliary Consumption	.060MW
14.g	Time Required to Synchronize to Grid	Not applicable since not connected to WAPDA Grid.

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Licenses-Performa for Information regarding Distribution issues

PART A

Network Facts		
A	No. of Feeders	Two
B	Length of Each Feeder	30 meters
C	Length of Each Feeder to Consumer	30 meters (Underground cable)
D	In respect of all the feeders, describe the property (streets, farms, agri land, etc.) through, under or over which they pass right up to the customer's premises, whether they cross-over or pass near the DISCO lines	Within Premises No way near DISCO Line
E	Whether owned by NPGL, consumer or DISCO (deal with each Feeder Separately) - If owned by DISCO, please furnish particulars of contractual arrangement - Operation and maintenance responsibility for each Feeder	Owned by Consumer(Shadman Cotton Mills Limited) N.A. Shadman Cotton Mills Limited
F	Whether connection with DISCO's network exists (whether active or not) – If yes, provide details of connection arrangements (both technical and contractual)	No
Any other network information deemed relevant for disclosure to or consideration by NEPRA		The Generation Plant is within the premises and supplied to the project of the Sister Concern

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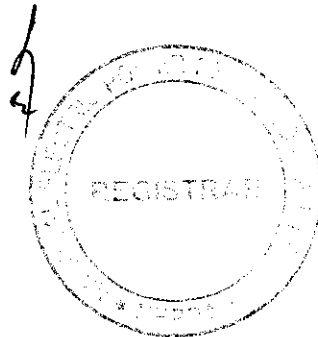


Licenses-proforma for Information regarding Distribution issues

PART B

Consumption Facts		(Please use additional sheets if necessary)
A	No. of Consumers	One
B	Location of consumers distance and/or identity of premises) Length of Each Feeder	Shadman Cotton Mills Limited Plot No. E-11, S.I.T.E, Kotri. 30 Meters
C	Contracted Capacity and Load Factor for each consumer	Full Capacity available at Nadeem Power Generation (Pvt.) Ltd. will be utilized by Shadman Cotton Mills Limited.
D	Specify Whether i) the consumer is an associate undertaking of the NPGPL, if yes, specify percentage ownership of equity; ii) There are common directorship; iii) Either can exercise influence or control over the other	i) N/A ii) Common Directorship iii) N/A
E.	Specify nature of contractual relationship: i) Between consumer and NPGPL ii) Consumer and host DISCO	Buyer/Seller Relationship N.A.
F	Capacity originally sanctioned by Provincial Government - If subsequently enhanced, evidence of permissions for enhancement	Permission taken from Government of Sindh and subsequent relevant department.
G	Tariff arrangement and particulars with WAPDA Provincial Government	i) N/A ii) At WAPDA Rate B-3

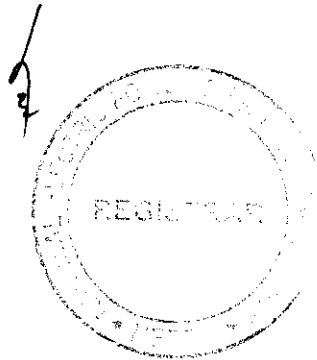
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SCHEDULE –II

- The net capacity of the licensee's generation facilities

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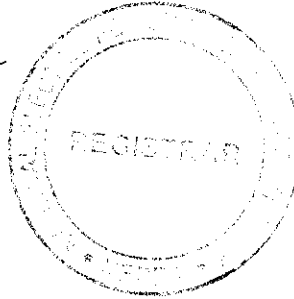
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SCHEDULE II

1.	GRÖSS INSTALLED CAPACITY (MW)	=	2.805 MW
2.	DERATED CAPACITY (MW)	=	2.750 MW
3.	AUXILIARY CONSUMPTION (MW)	=	0.060 MW
4.	NET CAPACITY OF THE PLANT (MW)	=	2.690 MW

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**Authorization by National Electric Power Regulatory Authority
NEPRA
TO**

M/s Nadeem Power Generation (Pvt.) Limited
Incorporated under the Companies Ordinance, 1984
Under Certificate of incorporation No.K-05522 dated 01-11-1994
NEPRA Generation Licence No. SGC/031/2005
For
Sale to Bulk Power Consumers

Pursuant to Section 22 of the Act and Rule 7 of the NEPRA Licensing (Generation) Rules-2000, the Authority hereby authorizes M/s Nadeem Power Generation (Pvt.) Limited (Licensee) to engage in second-tier supply business, limited to the following consumer also mentioned in Schedule I of Generation Licence No. SGC/031/2005

Subject to NEPRA rules and regulations, the Licensee shall charge its consumer only the second-tier supply charge in terms of the Authority approved bilateral agreement attached herewith.

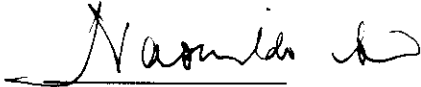
Shadman Cotton Mills Limited
Plot No. E-11,
S.I.T.E, Kotri.



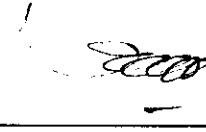
Fazlullah Qureshi
Member



Abdul Rahim Khan
Member

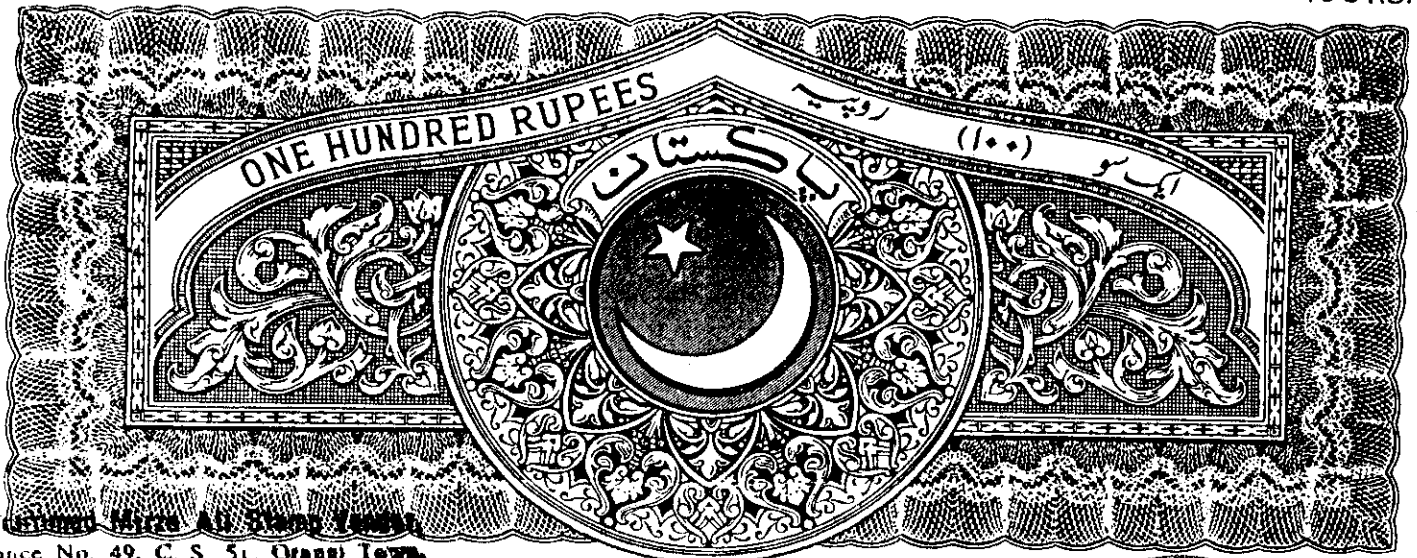


Nasiruddin Ahmed
Member



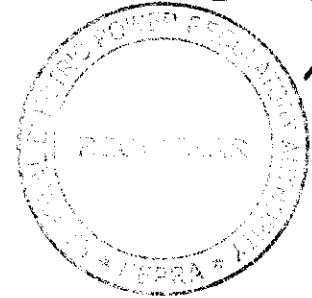
Lt. Gen. (R) Saeed uz Zafar, HI(M)
Chairman





Multan Branch, All State Bank,
Licence No. 49, C. S. 51, Orangi Town,
KARACHI

26 AUG 1997



POWER PURCHASE AGREEMENT

This Power Purchase Agreement ("this Agreement") is entered into in Karachi on this 1st day of November, 1997 by and between:

NADEEM POWER GENERATION (PVT.) LTD., a private limited company, incorporated under the Companies Ordinance 1984 with its registered office at 1st Floor, Building No. 25/B, Block-D/1, Gulberg-3, Ghalib Road, Lahore, through its Director, Mr. Shahid Mazhar, being party of the First Part (hereinafter referred to as the "Seller" which expression shall wherever the context admits include its successors and assigns);

AND

SHADMAN COTTON MILLS LIMITED, a public limited company, incorporated under the Companies Ordinance 1984 with its registered office at 201-202, Commerce Centre, Hasrat Mohani Road, Karachi through its Chief Executive, Mr. Zahid Mazhar, being party of the other Part (hereinafter referred to as the "Purchaser" which expression shall wherever the context admits include its successors and assigns).

The Seller and the Purchaser are hereinafter referred to as the "Parties" and each a party.

WHEREAS the Seller was set up and established by its sponsors for the specific purpose of supply of electricity to the Purchaser.

AND WHEREAS the Board, Sponsors and Shareholders of the Purchaser had represented to and assured the Seller that the Purchaser would purchase electricity exclusively from the Seller.

AND WHEREAS the principal object of the Seller is the generation of electricity, for which purpose it has facilities with a rated capacity of 19.05 and an operating capacity of 19.05 MWH (the "Capacity"), which capacity can meet the entire electric power requirement of the Purchaser.

AND WHEREAS the Purchaser desires to secure the entire capacity of the Seller, on continuing basis, for its own exclusive use on the terms and conditions agreed by and between the Parties.

NOW THEREFORE, for valuable consideration and the promises and premises contained herein, the Parties agree as follows:

1. Production, Sale, Purchase and Delivery of Electricity

- (i) The Seller hereby agrees to produce and sell, and the Purchaser hereby agrees to exclusively purchase the electricity so produced from the Seller for a period of 10 years. The quantum of the electricity to be supplied and the duration of this Agreement may be varied, from time to time, with mutual consent of the Parties.
- (ii) The Parties hereby agree that the Purchaser is under an obligation to purchase electricity exclusively each month from the Seller
- (iii) The Parties hereby further agree that the Purchaser may also contract with another power producer for the supply of electricity as a back up arrangement, to be utilized by the Purchaser only in the event of partial or complete ceasure of the Seller's operations or in the event that the electricity requirements of the Purchaser should exceed the operating capacity of the Seller.

2. Price, Measurement and Invoicing

- (i) The price of electricity (the "Price") and the tariff to be charged by the Seller from the Purchaser shall be in accordance with all relevant laws, rules and regulations and bill will be charged as per Wapda tariff rate B-3.
- (ii) The quantity of electricity supplied by the Seller to the Purchaser shall be measured on the basis of readings shown by the metering system installed at E-11, S.I.T.E., Kotri. Such reading shall be jointly taken by the Parties on the first date of every calendar month. Based on such reading, the Seller shall raise an invoice, in the first week of each month, for the electricity produced and sold in the previous month. The Purchaser shall pay the amount invoiced within 10 days of receipt thereof.

3. Specifications of Electricity to be Supplied by the Purchaser

The electricity to be supplied, including permissible variation, by the Seller shall be in accordance with all relevant laws, rules and regulations and bill will be charged as per Wapda tariff rate B-3.

4. Sale of Electricity to Third Parties

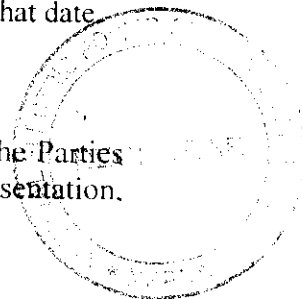
The Seller may sell electricity to a third party, in accordance with law but under no circumstances shall such sales be interpreted to discharge the Purchaser from its obligation to purchase electricity exclusively from the Seller.

5. Term and Termination

This Agreement shall remain in full force and effect for a term of 10 years ending on 31-10-2007 and may be terminated by the mutual agreement of the Parties prior to that date.

6. Entire Agreement

The provisions of this Agreement constitute the entire agreement between the Parties in respect of the subject matter hereof and any previous understanding, representation, correspondence or assurances stand superseded and cancelled.



7. Resolution of Disputes


Any dispute or difference between the Parties in relation to the interpretation and/or enforcement of this Agreement or in relation to any matter arising there-under shall be settled by a binding award of a single arbitrator. The proceedings shall be conducted under the Arbitration Act, 1940 (the "Act"). The Parties irrevocably agree that such single arbitrator shall be Zahid Mazhar s/o Mazhar Hussain. In the event that Mr. Zahid Mazhar is not able to act as such arbitrator then the sole arbitrator shall be mutually agreed by the Parties or appointed under the Act. The arbitration proceedings shall be held at Faisalabad.

IN WITNESS WHEREOF the parties hereto have agreed to the foregoing terms and conditions on the date first above mentioned in the presence of witnesses.

For **SELLER**
Nadeem Power Generation (Pvt.) Ltd.


Director

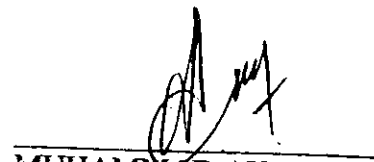
For **PURCHASER**
Shadman Cotton Mills Ltd.

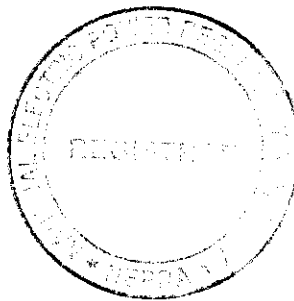

Chief Executive

WITNESSES:

1. ASO - Asad
ABDUL GHAFFAR EL-ASAD,
138-H, MODEL TOWN,
LAHORE.

2.


MUHAMMAD AKHTAR,
H/NO. 25, ST. NO. 32 CANAL PARK,
GULBERG, LAHORE.



Case Officer Report in the matter of
Nadeem Power Generation (Pvt.) Limited (NPGPL) for Grant of
Generation Licence

Nadeem Power Generation (Pvt.) Limited (NPGPL) was incorporated in 1994 as a private limited company for setting up a 2.805 MW power plant based on Natural Gas to supply power to M/s Shadman Cotton Mills Ltd. (SCML). NPGPL made an application to National Electric Power Regulatory Authority (NEPRA) on 31 August 2000 for a generation licence which NEPRA admitted for consideration on 8 July 2004.

2. Following Regulation 8 of the NEPRA Licensing (Application and Modification Procedure) Regulations 1999, the Authority on 12 July 2004 advertised about the NPGPL application for a generation licence and invited comments from the public. After considering those comments, the Authority held a conference on 29 November 2004 which was attended by the applicant and representatives of other organizations including HESCO, S.I.T.E Association of Industry and Office of the Environmental Protection Agency, Government of Sindh.

3 The NPGPL power plant was designed for four number of gas engines (3X0.635MW+1X0.900MW) whereas SCML has a diesel generator with a capacity of 830 KW for the back up of the gas engines. After commercial start of three units in 1996/1997, the other one unit was commissioned in August 2003. NPGPL generates power at 415 V and supplies to SCML through two feeders (underground cables) of 30 meters length each. The feeders run from the power plant to the SCML within the same premises. Further, neither NPGPL nor SCML have interconnection with the HESCO system.

4. HESCO opposed the grant of Generation Licence to NPGPL and Second Tier Supply Authorization for supply of electricity generated to SCML. HESCO stated that when they had applied for a Distribution Licence to NEPRA, NPGPL was not an

applicant for the grant of Generation Licence. Further, SCML is a Bulk power Consumer located in HESCO's Licensed Service Territory. Under Section 21 of the NEPRA Act, HESCO possesses the exclusive right to provide distribution service and to make sales of electric power to consumers in the territory specified in the Licence. HESCO further stated that they are supplying power to 9.5 million(78%) domestic consumers on subsidized rates located in its service territory to fulfill the tariff obligations and industrial consumers are contributing this cross subsidy. In order to maintain equilibrium in tariff structure, it was necessary that HESCO to have bulk Industrial Consumers in its network for generating potential revenues. Thus grant of distribution to bulk power customer would create an imbalance with the result that HESCO may not fulfill its prime objective of providing service to its mix tariff customers harmoniously. HESCO while commenting on the term of the Licence stated that NPGPL at the time of application for the grant of Generation Licence to NEPRA had indicated the expected remaining life of the facility as 10 years and the installed capacity as 1.7 MW. Therefore, without conceding, at best a Generation Licence could be granted to NPGPL till 2010 for the said capacity.

5. The NPGPL submitted that they had generated power since 1998 and had made supply to its sister concern SCML under the permission of the Government of Sindh. The NPGPL further submitted that Section 22 of the NEPRA Act read with the proviso to section 21(2)(a) clearly showed that NEPRA had the authority to permit a Generation and a Distribution company to sell electric power in the service territory of another Distribution Company. Further, the plant details provided to NEPRA and advertised in the press clearly stated installed capacity of 2.805 MW and the expected remaining life of the facility as 15-20 years.

6. PEPCO submitted that, in the process, the legitimate interests and the statutory rights of HESCO be fully safeguarded.



Environmental Issues

7. The Environmental Protection Agency (EPA) Government of Sindh stated that the Industries were supposed to comply with the Environmental Protection Act, 1997, National Environmental Quality Standards and the Environmental Impact Assessment Regulations. The EPA submitted that in order to ensure compliance of the Environmental Law, NPGPL and its consumers should conduct Environmental Audit through a reputable Consultant. The NPGPL stated that its plants are operating on Natural Gas which was considered to be a clean fuel. It does not have the concentration of Sulphur. The NPGPL shall conform to the Performance and Environmental Standards as stipulated in the Generation Licence.

8. Ministry of Industries & Production stated that they had no objection to the grant of Generation Licence to NPGPL subject to fulfillment of the requisite condition and standards and fulfillment of environmental compliance. Mr. Arif Balwani, S.I.T.E Association of Industry supported the grant of Generation Licence to NPGPL.

9. Engr. Ansari Bashir Ahmed of Bakht Business House Karachi showed concern about the environment degradation of the area. He further commented that in comparison to other industries, Power Plants contribute more towards environment degradation.

10. The Case Officer considers that the Environmental issues raised are important in the context of their impact on the surroundings and atmosphere. However, the applicant will be under obligation to conform to the environmental standards as are prescribed by the relevant competent Authority. The applicant appears to be fully aware of its obligation to protect the environment and will be monitored through the Federal and Provincial Environmental Protection Agencies.

10
b

Whether NPGPL be treated like SPPs, most of which have already been granted licences by the Authority?

11. SPPs or Small Power Producers is a term specifically used for those generation facilities below 100 MW which have been in operation at the time of notification of Nepra Generation Rules i.e. 20 April 2000 and which do not have PPA or IA under 1994 power policy. NEPRA while granting distribution licences to DISCOs declared all consumers of SPPs as BPCs irrespective of their load level. Therefore consumers of SPPs were given special status in comparison to BPCs defined in the Act. The Case Officer is of the opinion that since NPGPL engines were commissioned between 1996-2003; therefore NPGPL does not fall strictly under the categorization of an SPP. According to the Power Purchase Agreement between NPGPL and SCML dated 1st November, 1997 NPGPL will supply 1.905 MW power to SCML. This load level is above the minimum level (1 MW) for SCML to qualify as a BPC under the Act; therefore Case Officer recommends that NPGPL may sell to SCML pursuant to Section 22 of the ACT under which the Authority may permit a generation company to sell to BPC.

12. In the matter of earlier determinations including Engro Asahi Polymer the Authority used the term 'Isolated Generation Facility'. One of the factors to categorise such generating companies as isolated generation facility was absence of any transmission and distribution interconnection with the utility. The Case Officer is of the opinion that the term may also be used for NPGPL as presently there is no interconnection at the transmission or distribution

WHETHER NPGPL WOULD REQUIRE A DISTRIBUTION LICENCE?

13. The Case Officer deems it appropriate to clarify here the significance of the arrangement contemplated in the instant matter. Hitherto, the Authority has granted licences to small producers 'SPPs' (upto 100 MW), generating electricity and in some cases delivering power to their distribution networks to dedicated consumers. Such licensees are presently supplying electricity to their consumers under second-tier supply authorizations and have also been asked to either surrender their distribution lines to the



host distribution company or to obtain a distribution licence according to the requirements of Section 20 of the NEPRA Act. NPGPL is located inside the boundary wall of SCML compound on a land leased from SCML. The power to SCML is being supplied through two feeders of 30 meters length each. Both of these feeders remain within the same premises. Hence, in the case of NPGPL Plant, for supply of power no public property is involved. It is relevant to refer to Section 2(v) of the NEPRA Act, wherein the ownership, operation, management and control of distribution facilities located on private property and used solely to move or deliver electric power to the person owning, operating, managing and controlling those facilities or to tenants thereof has not been included in the definition of 'distribution'. Consistent with the decision of the Authority Regulatory Meeting No. 03-040 dated 25 March 2003, the Case Officer is of the opinion that based on the considerations that the consumer (SCML) is located within same premises and no public area is involved, NPGPL's supply of power does not constitute a distribution activity under the Act, and a distribution licence would not be required.

Tariff

14. The Case Officer considers that the matter of rates, charges and terms and conditions of tariff between NPGPL and its consumer SCML does not affect any other consumer or third party. Therefore for the purpose of tariff, the Case Officer recommends to accept and specify the rate as per the bilateral agreement, which NPGPL and its consumer SCML have contracted and NPGPL may charge such tariff subsequent to the grant of the generation licence.

15. In accordance with Rule 6(1) b of the Generation rules the Case Officer recommends approval of the bilateral agreement between NPGPL and its consumer and to allow NPGPL to sell electricity at the tariff mutually agreed between the two parties as the specified tariff.



Term of Licence

16. According to Rule 5(1) of the Generation Rules the term of a Generation Licence shall be commensurate with the maximum expected useful life of the units in a generation facility except where an applicant consents to a shorter term. Gas Engines normally have a useful life of 20-25 years. However, NPGPL itself has claimed remaining useful life of 15-20 years. Since one of the units of NPGPL was commissioned in 2003 therefore remaining useful life of 18 years may be acceptable. It is recommended that NPGPL be granted a licence for a period of 18 years.

WITH THIS, the Case Officer recommends to the Authority to grant Generation Licence to Nadeem Power Generation (Pvt.) Limited in the terms and form as annexed to this Report. The grant of such a Licence would be subject to the provisions contained in the NEPRA Act and the relevant Rules framed there under.

