



**National Electric Power Regulatory Authority**  
Islamic Republic of Pakistan

**Registrar**

2nd Floor, OPF Building, G-5/2, Islamabad  
Ph: 9207200, Fax: 9210215  
E-mail: office@nepra.org.pk  
Direct Phone: (051) 9206500  
Website: www.nepra.org.pk

No. NEPRA/R/LAG-65/144-45

27-4-2005

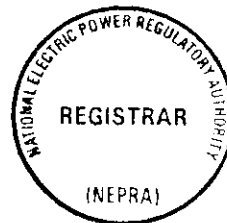
General Manager Finance & Company Secretary,  
Lucky Energy (Pvt) Ltd.  
L-A, 2/B, Block # 21, Federal "B" Area,  
Rashid Minhas Road,  
Karachi

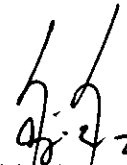
Subject: **Grant of Generation Licence SGC/030/2005**  
**Licence Application No. LAG - 65**  
**M/s. Lucky Energy (Pvt) Ltd.**

Please refer to your application No. nil dated April 21, 2001 to NEPRA for a Generation Licence.

2. Enclosed here is Generation Licence No. SGC/030/2005 granted by the Authority to M/s. Lucky Energy (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.



  
27-4-2005  
(Mahjood 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/030/2005

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


**Lucky Energy (Pvt.) Limited  
(Combined Installed Capacity: 12.545 MW)**

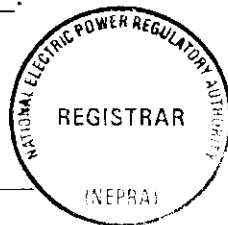
Incorporated under the Companies Ordinance, 1984  
Under Certificate of Incorporation

No. K-04740 Dated 24th July 1993

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

Given under my hand this 19<sup>th</sup> day of April, Two Thousand and Five and expires on 18<sup>th</sup> day of April, Two Thousand and Twenty Three.

  
Registrar



*has V*

**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 1 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**

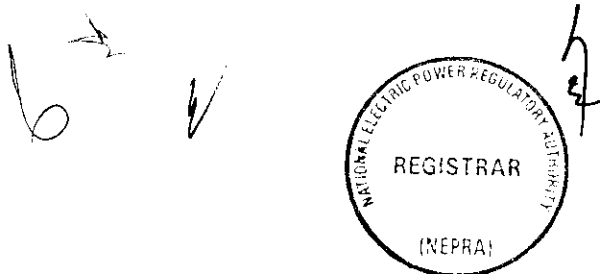
After the grant of the Generation Licence, the licensee shall pay to the Authority the Licence fee, in the amount and manner and at the time set out in National Electric Power Regulatory Authority (Fees) Rules, 2002

**Article 5**  
**Term and renewal of Licence**

This Licence is granted for a term of Eighteen (18) years.

**Article 6**  
**Tariff**

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



**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**

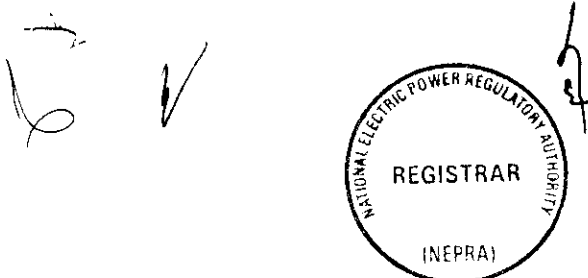
The licensee shall conform to the relevant NEPRA rules on Performance Standards as may be prescribed by the Authority from time to time.

**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.



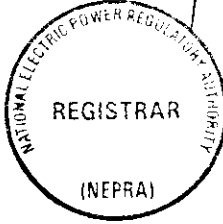
- 12.2 Without prejudice to the provisions of sub-rule 15(3) of the Rules, unless provided otherwise under the law or the applicable documents, all record and data shall be maintained for a period of 5 years after the creation of such record or data. The licensee shall not destroy or dispose off any 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.

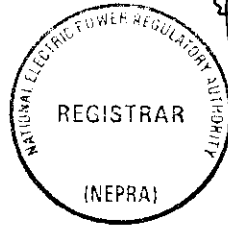
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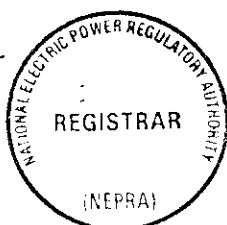
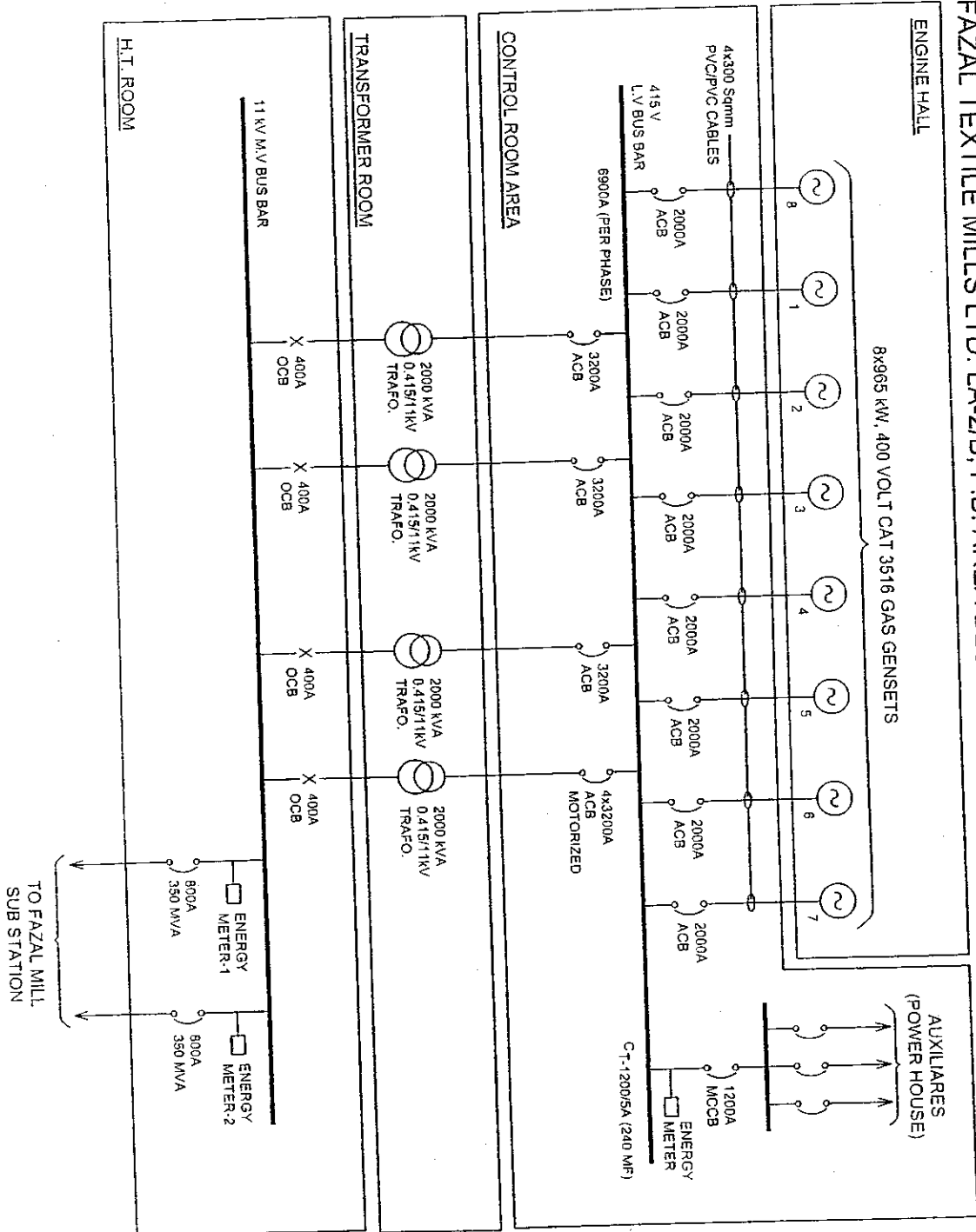


## SCHEDULE-I

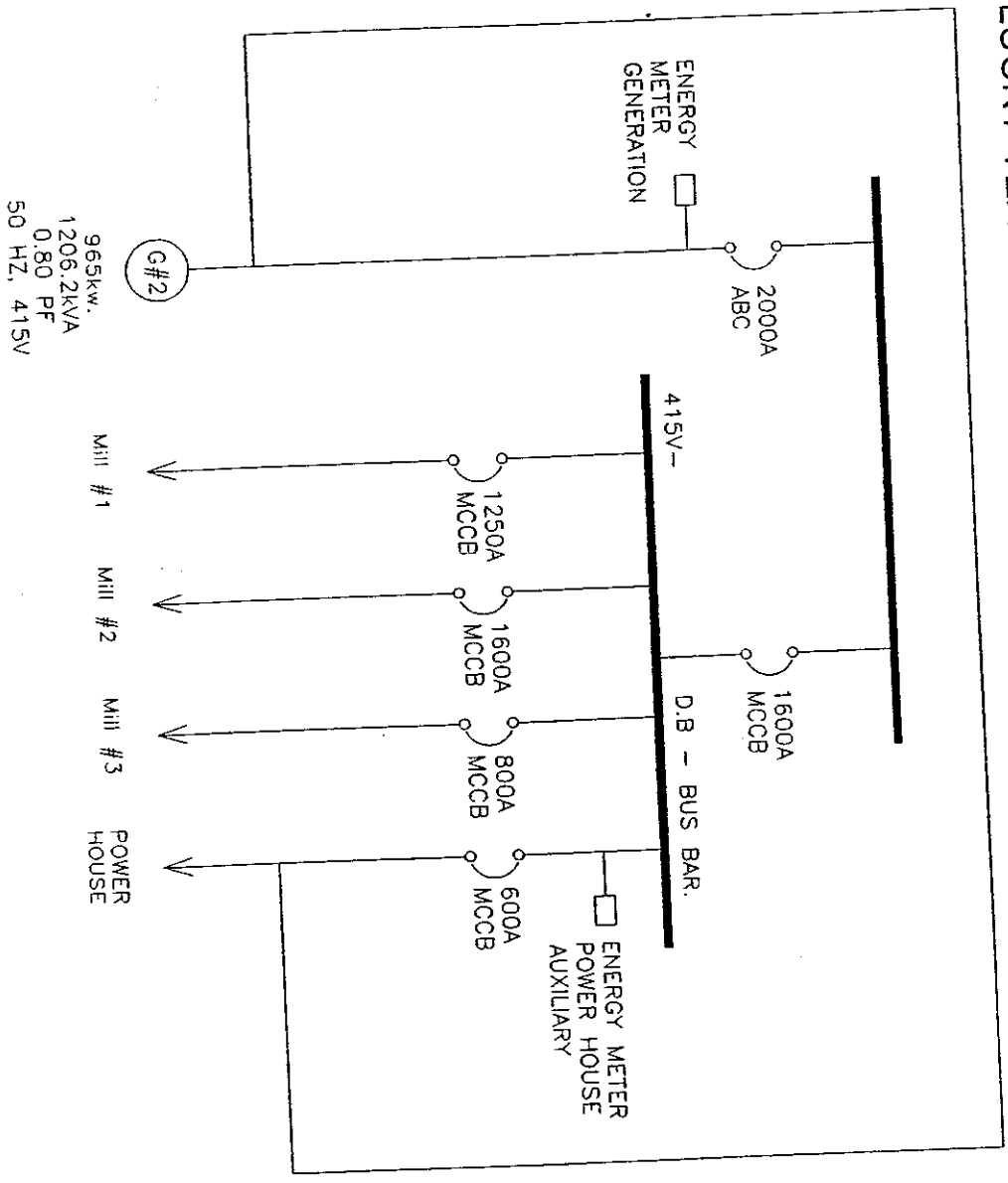
The location, size (capacity in MW) technology interconnection arrangements, technical limits technical functional specifications and other details specific to the generation facilities of the licensee



SINGLE LINE DIAGRAM OF LUCKY ENERGY (PVT) LTD, POWER HOUSE AT  
 FAZAL TEXTILE MILLS LTD. LA-2/B, F.B. AREA BLOCK 21 KARACHI.



SINGLE LINE DIAGRAM OF POWER HOUSE LUCKY ENERGY (PVT) LTD, AT  
 LUCKY TEXTILE MILL NO.1 L-8, BLOCK-21 F.B. AREA KARACHI.

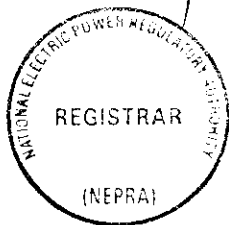
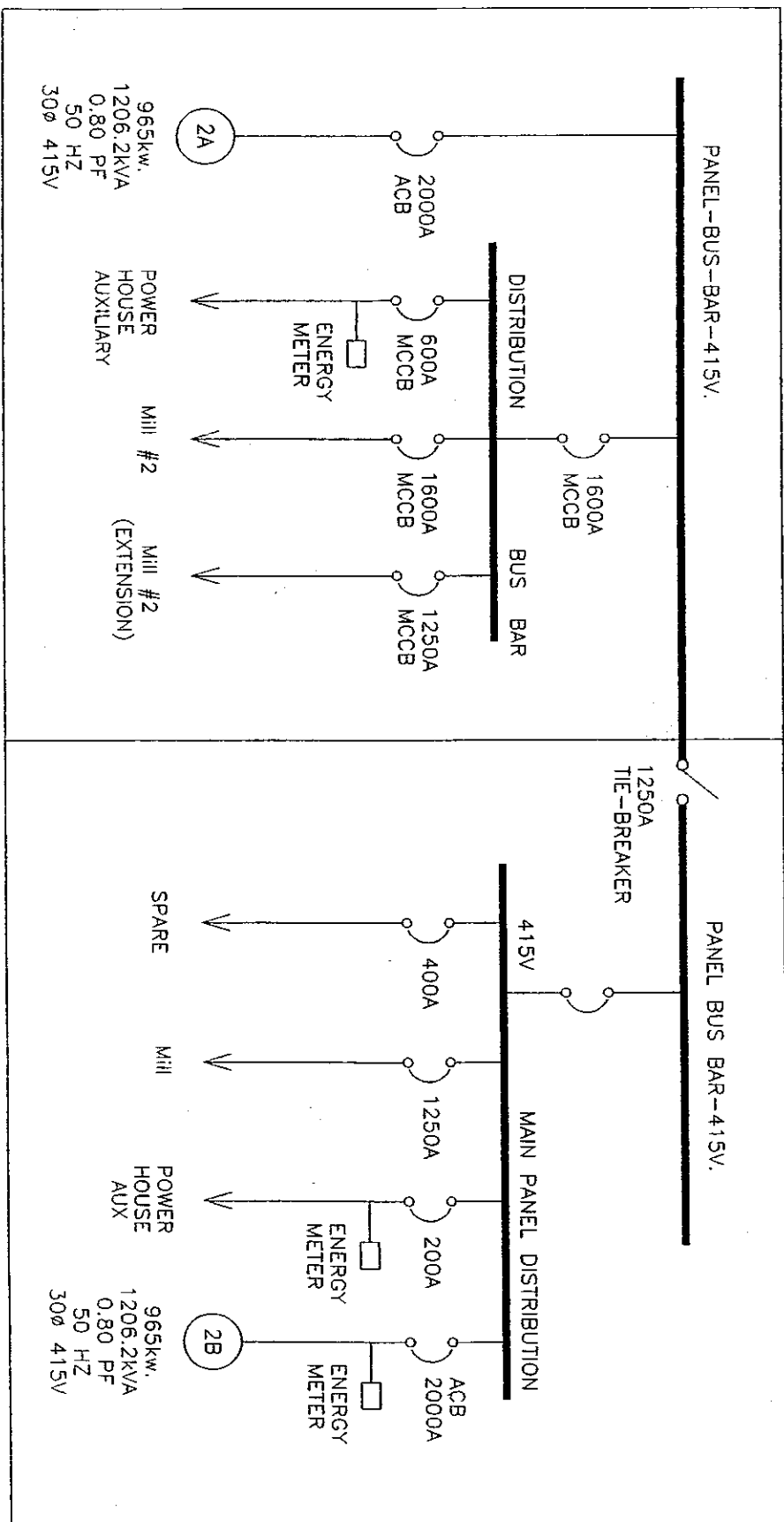


*Signature*

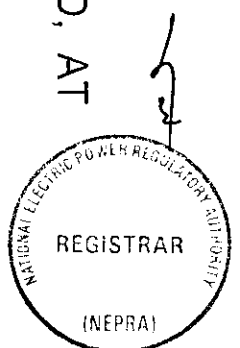
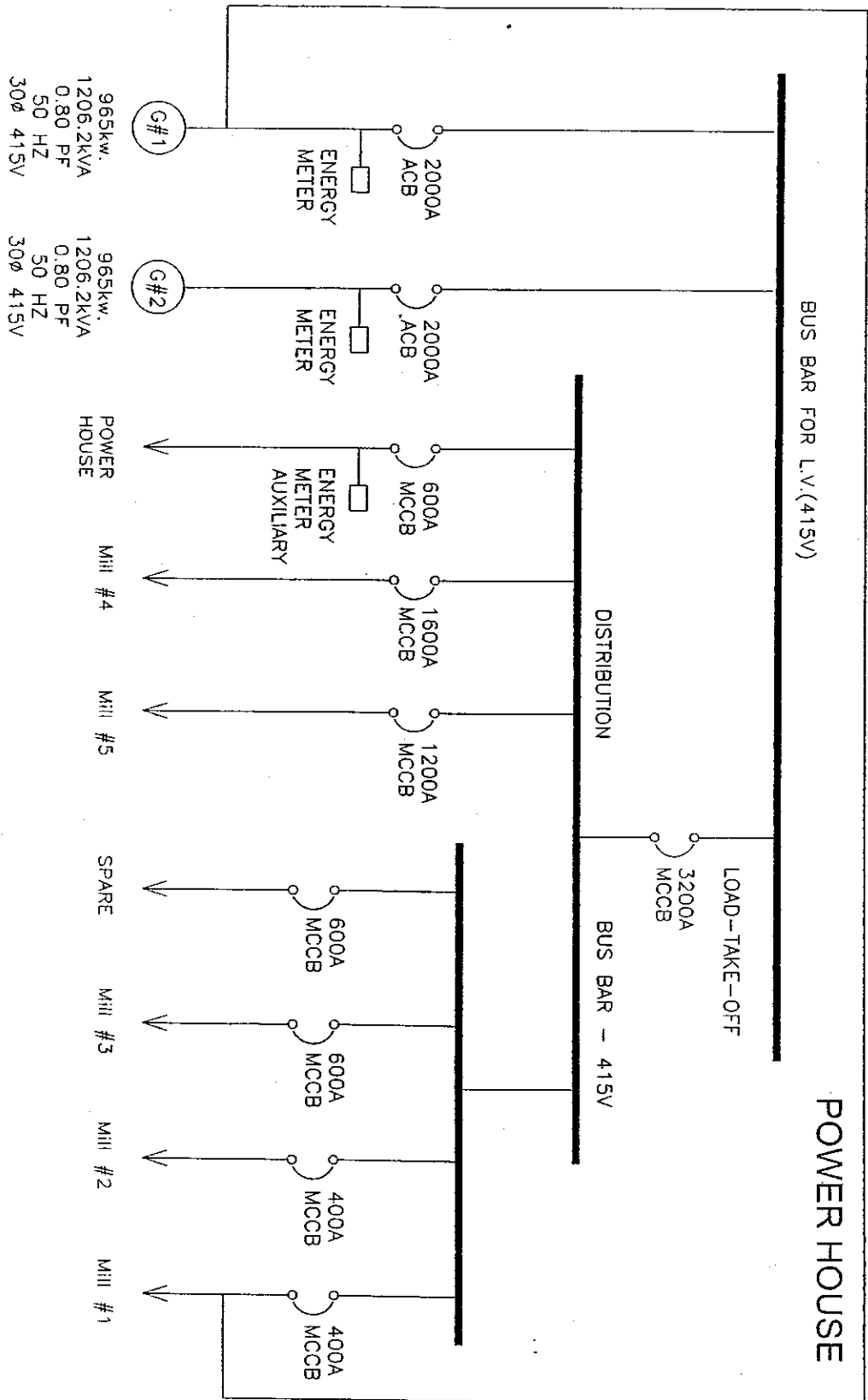
REGISTRAR  
 (NEPRA)  
 NATIONAL ELECTRIC POWER REGULATORY AUTHORITY



SINGLE LINE DIAGRAM OF POWER HOUSE LUCKY ENERGY (PVT) LTD, AT  
 LUCKY TEXTILE MILL NO.2 L-8, BLOCK-21 F.B. AREA KARACHI.



SINGLE LINE DIAGRAM OF POWER HOUSE LUCKY ENERGY (PVT) LTD, AT  
 LUCKY TEXTILE MILL NO.3 A/8-C, KARACHI.



**PLANT DETAILS**

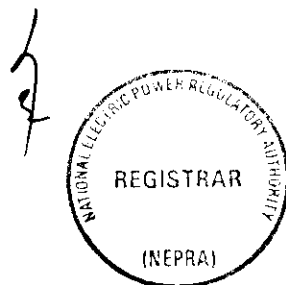
- |    |                   |  |
|----|-------------------|--|
| 1. | Name of Applicant | Lucky Energy (Pvt.) Ltd.   |
| 2. | Registered Office | L-8, Block 21, Federal "B" Area, Karachi.  |
| 3. | Plant Location    | Plant-1: L/A2/B, Block 21, Federal "B" Area, Karachi.<br>Plant-2: L-8, Block 21, Federal "B" Area, Karachi.<br>Plant-3: L-3, Block 21, Federal "B" Area, Karachi.<br>Plant-4: Plot # A/8-C, S.I.T.E., Karachi. |
| 4. | Type of Facility  | Thermal Generation(Gas Turbine)  |

**Plant Configuration**

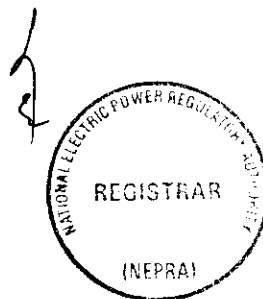
5.a	Plant size	Plant 1 7.72 MW	Plant 2 0.965MW	Plant 3 1.93 MW	Plant 4 1.93 MW
5.b	Type of Technology	Spark Ignited Turbo Charged After Cooled	Spark Ignited Turbo Charged After Cooled	Spark Ignited Turbo Charged After cooled	Spark Ignited Turbo Charged After cooled
5.c	Number of Units	Eight	One	Two	Two
5.d	Unit Size	0.965 MW	0.965 MW	0.965 MW	0.965 MW
5.e	Unit Make and Model	<b>Caterpillar G 3516 LE</b>	<b>Caterpillar G 3516 LE</b>	<b>Caterpillar G 3516 LE</b>	<b>Caterpillar G 3516 LE</b>
5.f	Date of Commissioning	Units 1-8 11-10-94	4-7-95	Unit 1: 26-10-95  Unit 2: 21-7-98	Units 1-2 23-4-95

**Fuel Use**

6.a.	Fuel Type	Natural Gas	Natural Gas	Natural Gas	Natural Gas
6.b	Fuel (imported/ indigenous)	Indigenous	Indigenous	Indigenous	Indigenous
6.c	Fuel Supplier	SSGC	SSGC	SSGC	SSGC
6.d	Supply Agreement	Yes	Yes	Yes	Yes



6.e	No. of Tanks	NA	NA	NA	NA
6.f	Storage Capacity/Tank	Plant 1 NA	Plant 2 NA	Plant 3 NA	Plant 4 NA
6.g	Gross Storage	NA	NA	NA	NA
6.h	Total Storage Capacity	NA	NA	NA	NA
<b>Emission Values(Load 100%)</b>					
7.a.	NOx(g/bhp-hr)	Plant 1 0.8	Plant 2 0.8	Plant 3 0.8	Plant 4 0.8
7.b	CO(g/bhp-hr)	1.6	1.6	1.6	1.6
7.c	HC(Non Methane), g/bhp-hr	0.5	0.5	0.5	0.5
8	Cooling Water Source	Municipal Supply/ Tube wells	Municipal Supply/ Tube wells	Municipal Supply/ Tube wells	Municipal Supply/ Tube wells
9	Installed Capacity	7.72 MW	0.965 MW	1.93 MW	1.93 MW
10	Derated Capacity	NIL	NIL	NIL	NIL
11	Expected Remaining Life of the Facility	14 Years	14 Years	14 Years	14 Years
12	Operational Record	Provided	Provided	Provided	Provided
<b>13. Project Cost (Rupees)</b>		<b>Million</b>			
13.a	Equity	356.740			
13.b	Debt	0.150			
13.c	Total Project Cost (Million)	356.890			
<b>14. Plant Characteristics</b>					
14.a	Generation Voltage	400V	400V	400V	400V
14.b	Frequency	50Hz	50Hz	50Hz	50Hz
14.c	Power Factor	0.95 lagging	0.95 lagging	0.95 lagging	0.95 lagging
14.d	Automatic Generation Control	Yes	Yes	Yes	Yes
14.e	Alternative Fuel	None	None	None	None
14.f	Auxiliary Consumption	0.52 MW	0.066 MW	0.131 MW	0.131 MW
14.g	Time Required to Synchronize to Grid	Not applicable since not connected to DISCO/ Grid.			



**Licenses-Performa for Information regarding Distribution issues**

**PART A**

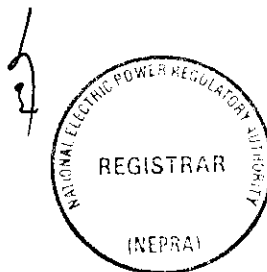
Network Facts		
A	No. of Feeders	Plant 1: Two 11Kv Feeders for Fazal Textile Mills Ltd. Plants 2,3,4: Power is directly supplied to consumers from LEPL main distribution panel at 415 volts
B	Length of Each Feeder	Plant 1: Feeder 1: 50 meters Feeder 2: 50 meters Plants 2,3,4: Power is directly supplied to consumers from LEPL main distribution panel at 415 volts
C	Length of Each Feeder to Consumer	Same as above
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	(i) Within consumer's premises (ii) Feeders/ Power Cables do not cross over or pass near KESC Lines
E	Whether owned by LEPL, consumer or KESC (deal with each Feeder Separately) - If owned by KESC, please furnish particulars of contractual arrangement - Operation and maintenance responsibility for each Feeder	- Owned by LEPL consumers - N/A - Operation and maintenance responsibility on LEPL consumers
F	Whether connection with KESC's network exists (whether active or not) – If yes, provide details of connection arrangements (both technical and contractual)	(i) LEPL has no network connection with KESC. (ii) Only Fazal Textile Mills Ltd. is connected with KESC network
Any other network information deemed relevant for disclosure to or consideration by NEPRA		N/A



**Licenses-proforma for Information regarding Distribution issues**

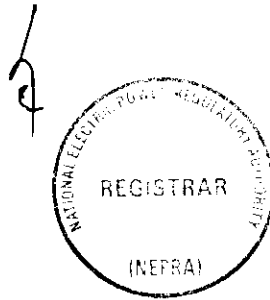
**PART B**

<b>Consumers Facts</b>					
A	No. of Consumers	Plant 1: One Consumer Plant 3: One Consumer	Plant 2: One Consumer Plant 4: One Consumer		
B	Location of consumers distance and/or identity of premises) Length of Each Feeder	<b>1. Fazal Textile Mills Ltd.</b> <b>L/A 2/B, Block 21, Federal "B" Area, Karachi.</b> <b>Length of Feeder 1: 50 meters</b> <b>Length of Feeder 2: 50 meters</b> <b>2. Lucky Textile Mills No. 01</b> <b>L-8, Block 21, Federal "B" Area, Karachi.</b> <b>3. Lucky Textile Mills No. 02</b> <b>L-3, Block 21, Federal "B" Area, Karachi.</b> <b>4. Lucky Textile Mills No. 03</b> <b>Plot # A/8-C, S.I.T.E., Karachi.</b>			
C	Contracted Capacity and Load Factor for consumer	Plant 1 5.5 MW 0.71	Plant 2 0.7 MW 0.72	Plant 3 1.3 MW 0.78	Plant 4 1.5 MW 0.78
D	Specify Whether i) the consumer is an associate undertaking of the LEPL, if yes, specify percentage ownership of equity; ii) There are common directorship; iii) Either can exercise influence or control over the other	The consumers are an associated undertaking of the LEPL with common directorship.			
E.	Specify nature of contractual relationship: i) Between consumers and LEPL ii) Consumers and KESC	(i)The consumers are an associated undertaking of the LEPL. (ii) Only Fazal Textile Mills Ltd. is on KESC billing panel.			
F	Capacity originally sanctioned by Provincial Government - If subsequently enhanced, evidence of permissions for enhancement	Plant 1 5.5 MW	Plant 2 0.7 MW	Plant 3 1.3 MW	Plant 4 1.5 MW
Any other network information deemed relevant for disclosure to or consideration by NEPRA		NA			



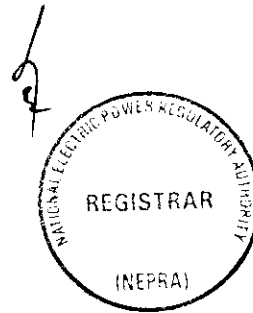
## SCHEDULE –II

- The net capacity of the licensee's generation facilities



**SCHEDULE II**

1.	GROSS INSTALLED CAPACITY (MW)	=	Plant -1	7.72 MW
			Plant -2	0.965 MW
			Plant-3	1.93MW
			Plant-4	1.93 MW
			=	12.545MW
			(Total of Thirteen Units at Four Plants)	
2.	DERATED CAPACITY (MW)	=	NIL	
3.	AUXILIARY CONSUMPTION (MW)	=	Plant-1	0.52MW
			Plant -2	0.066MW
			Plant-3	0.131MW
			Plant-4	0.131MW
			=	0.848 MW
4.	NET CAPACITY OF THE PLANT (MW)	=	Plant-1	7.2MW
			Plant -2	0.899MW
			Plant-3	1.799MW
			Plant-4	1.799MW
			Total	= 11.697MW





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


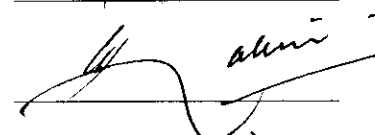

**M/s Lucky Energy (Pvt.) Ltd.**  
Incorporated under the Companies Ordinance, 1984  
Under Certificate of incorporation No.K-04740 dated 24-7-1993  
**NEPRA Generation Licence No. SGC/030/2005**  
**For**  
**Sale to Bulk Power Consumers**

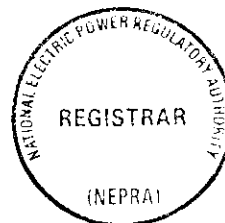
Pursuant to Section 22 of the Act and Rule 7 of the NEPRA Licensing (Generation) Rules-2000, the Authority hereby authorizes M/s Lucky Energy (Pvt.) Limited (Licensee) to engage in second-tier supply business, limited to the following consumers also mentioned in Schedule I of Generation Licence No. SGC/030/2005.

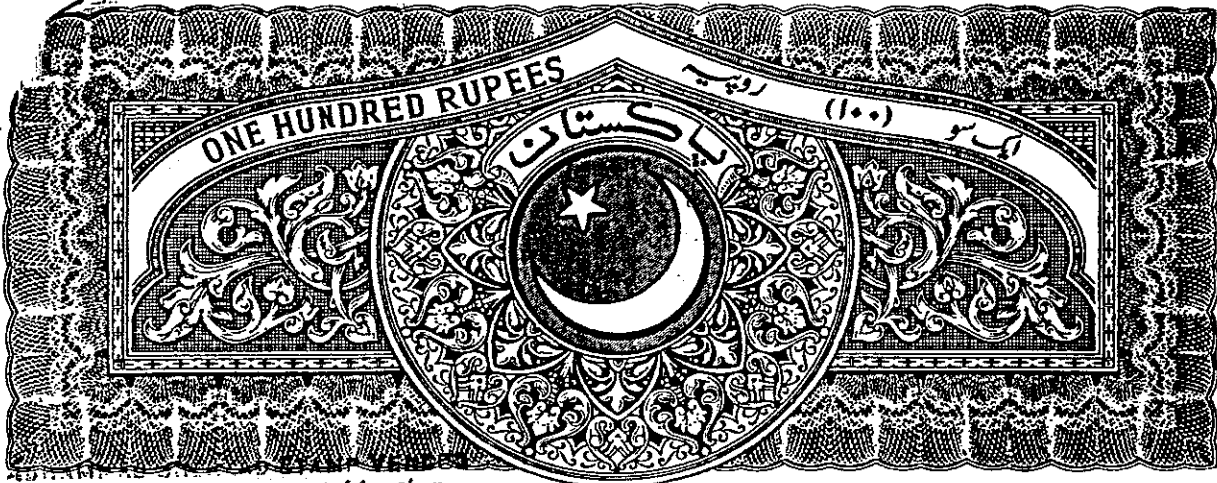
Subject to NEPRA rules and regulations, the Licensee shall charge its consumers only the second-tier supply charge in terms of the Authority approved bilateral agreements attached herewith.

1. **Fazal Textile Mills Ltd.**  
L/A 2/B, Block 21, Federal "B" Area,  
Karachi.
2. **Lucky Textile Mills No. 01**  
L-8, Block 21, Federal "B" Area,  
Karachi.
3. **Lucky Textile Mills No. 02**  
L-3, Block 21, Federal "B" Area,  
Karachi.
4. **Lucky Textile Mills No. 03**  
Plot # A/8-C, S.I.T.E.,  
Karachi.

1. Mr. Fazlullah Qureshi, Vice Chairman
2. Mr. Abdul Rahim Khan, Member
3. Mr. Nasiruddin Ahmed, Member

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
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1st Floor, 1001, National Mansion,  
4th Floor, 1001, National Road, Karachi.

17656  
Lucky Energy Limited  
DEC 1994  
100  
SIGNATURE

**POWER PURCHASE AGREEMENT**

This Agreement is made on this 1st day of January 1995 between Fazal Textile Mills Ltd., a public limited company incorporated under the Companies Ordinance, 1984 having its Registered Office at L-A 2/B, Block 21, Federal "B" Area Karachi (hereinafter referred to as the "FAZAL" which expression shall include its successors in interest and assignees) of the First Part.

AND

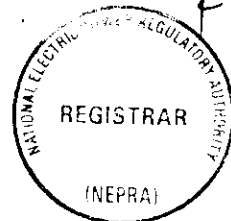
Lucky Energy Limited a public limited company incorporated under the Companies Ordinance 1984 having its registered office at L-8, Block 21, Federal "B" Area Karachi (hereinafter referred to as "LUCKY" which expression shall include its successors in interest and assignees) of the Second Part.

Whereas the Fazal in order to meet its Electrical Energy requirement decided to enter into an agreement with Lucky whereby the Fazal will purchase its power requirement from Lucky, which is around 5.50 MWH.

And, whereas the Lucky has enough resources to generate power by using the Natural Gas.

IT IS THEREFORE AGREED THAT :-

- a) The Fazal to purchase its power requirement around 5.50 MWH which is about 65 % of the total generation capacity of Lucky.
- b) The Lucky assures and undertakes that it will supply smooth, uninterrupted and continuous electrical energy of 5.50 MWH subject to regular supply of natural gas by Sui Southern Gas Company Limited normal breakdown and maintenance.



- c) In consideration of various facilities provided by Fazal to Lucky, Lucky will supply power to Fazal at concessional rate and this rate would not increase the rate as charged by KESC for Industrial unit.
- d) The bills for supply of power will be raised on monthly basis by the Lucky and the same shall be payable by Fazal on or before 25th day of the subsequent month.

This Agreement will continue to be operative until either party, after giving sufficient prior notice to the other decides to terminate the agreement ; or after due notice suggest alteration or additions to the existing terms.

In witness whereby, this agreement is duly executed on the day and the date first mentioned above and will be effective from the date of supply of power by Lucky to Fazal i.e. 10th November 1994.

For Fazal Textile Mills Ltd.

*[Signature]*  
Director

For : Fazal Textile Mills Ltd.  
(Director)

For LUCKY ENERGY LTD.

*[Signature]*  
Director.

For : Lucky Energy Ltd.  
(Director)

WITNESS :

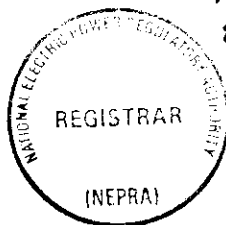
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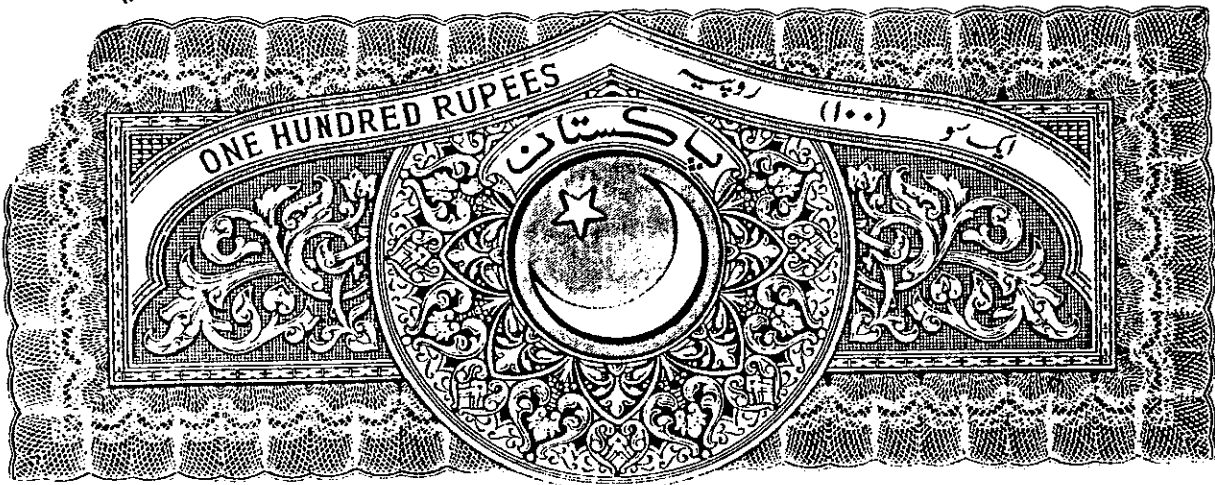
*[Signature]*

WITNESS :

*[Signature]*

*[Signature]*





UNIONBANK OF INDIA BRANCH VERVA  
17657  
100

17657 Lucky Textile Mills # 3 DEC 1994

100

### POWER PURCHASE AGREEMENT

This agreement is made on 1<sup>st</sup> day of January 1995 between Lucky Energy Ltd a public Limited company incorporated under the Companies Ordinance 1981 having its registered office at L-8, Block 21, Federal B, Area Karachi (hereinafter referred to as the LUCKY ENERGY which expression shall include its successors in interest and assignees) of the First Part

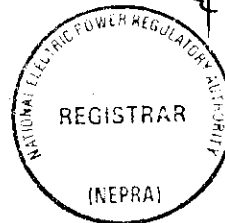
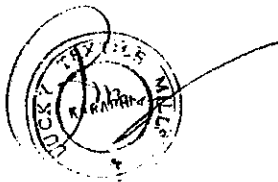
AND

Lucky Textile Mills 3 an unregistered firm having its office at L-A Goudhau's Market M A Jinnah Road, Karachi (hereinafter referred to as LUCKY TEXTILE MILLS # 3 which expression shall include its successor in interest and assignees) of the Second Part

Whereas the Lucky Textile # 3 in order to meet its Electrical Energy requirement decided to enter into an agreement with Lucky Energy. Whereby Lucky Textile will purchase its power requirement for its unit number 3 which is around 1.5 Mega Watt Hours (MWH)

And whereas the Lucky Energy has 2 MW Capacity to generate power by using Natural Gas

Contd. page 2



**IT IS THEREFORE AGREED THAT:-**

- a) The Lucky Textile to purchase its power requirement of around 1.5 MWH which is about 77% of the total generation capacity of Lucky Energy at unit # 3
- b) The Lucky Energy assures and undertakes that it will supply smooth, uninterrupted and continuous electrical energy of 1.5 MWH subject to regular supply of natural gas by Sui Southern Gas Company Limited, normal breakdown and maintenance.
- c) In consideration of various facilities provided by Lucky Textile unit 3 to Lucky Energy, Lucky Energy will supply power to Lucky Textile at concessional rate and this rate would not be increase the rate as charged by KESC for industrial units
- d) The bill for supply of power will be raised on monthly basis by Lucky Energy and the same shall be payable by Lucky Textile on or before 25<sup>th</sup> of the subsequent month

This agreement will continue to be operative until either party, after giving sufficient prior notice to the other decides to terminate the agreement or after due notice suggest alteration or additions to the existing terms.

In witness whereby, this agreement is duly executed on the day and the date first mentioned above and will be effective from the date of supply of power by Lucky Energy Limited to Lucky Textile Mills No. 3

For Lucky Energy Ltd

Chief Executive

WITNESS

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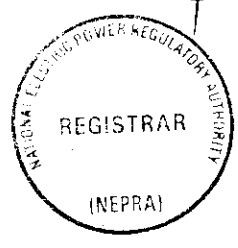
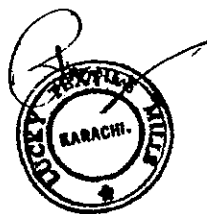
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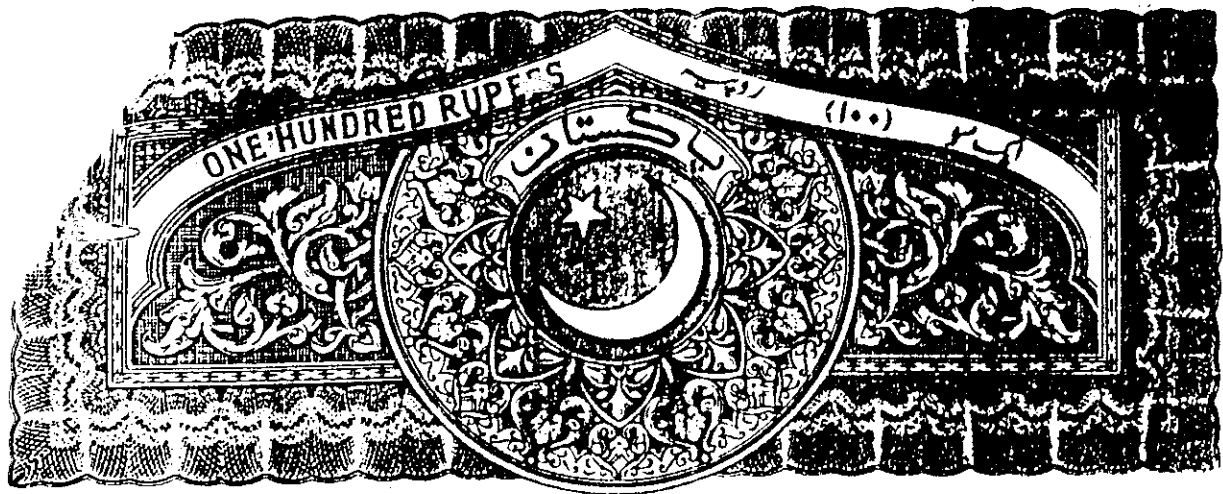
For Lucky Textile Mills

Chief Executive

WITNESS

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GUARANTEED ENERGY SUPPLY VENDOR

Plot 14, Block 21, Federal "B" Area, Karachi

17659

30 DEC 1994

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100

100

**POWER PURCHASE AGREEMENT**

This agreement is made on 1<sup>st</sup> day of January 1995 between Lucky Energy Limited a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at L-8, Block 21, Federal "B" Area, Karachi (hereinafter referred to as the **LUCKY ENERGY** which expression shall include its successors in interest and assignees) of the First Part

AND

Lucky Textile Mills an unregistered firm having its office at 1-A Gordhandas Market M.A. Jinnah Road, Karachi (hereinafter referred to as **LUCKY TEXTILE** which expression shall include its successors in interest and assignees) of the Second Part

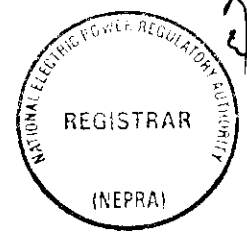
Whereas the Lucky Textile in order to meet its Electrical Energy requirements decided to enter into an agreement with Lucky Energy whereby Lucky Textile will purchase its power requirement for its Unit Number - 1 and for Unit Number - 2 which is around 2.00 Mega Watt Hours (MWH)

And, whereas the Lucky Energy has enough resources to generate power by using Natural Gas.

For **LUCKY ENERGY LTD,**

*[Signature]*  
Chief Executive

Contd...page 2



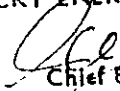
**IT IS THEREFORE AGREED THAT :-**


- a) The Lucky Textile to purchase its power requirement of around 2.00 MWH which is about 20% of the total generation capacity of Lucky Energy.
- b) The Lucky Energy assures and undertakes that it will supply smooth, uninterrupted and continuous electrical energy of 2.00 MWH subject to regular supply of natural gas by Sui Southern Gas Company Limited normal breakdown and maintenance.
- c) In consideration of various facilities provided by Lucky Textile to Lucky Energy, Lucky Energy will supply power to Lucky Textile at concessional rate and this rate would not increase the rate as charged by KESC for Industrial units
- d) The bills for supply of power will be raised on monthly basis by Lucky Energy and the same shall be payable by Lucky Textile on or before 25<sup>th</sup> of the subsequent month.

This agreement will continue to be operative until either party, after giving sufficient prior notice to the other decides to terminate the agreement or after due notice suggest alteration or additions to the existing terms.

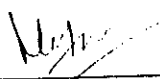
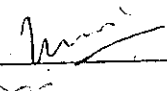
In witness whereby, this agreement is duly executed on the day and the date first mentioned above and will be effective from the date of supply of power by Lucky Energy Limited to Lucky Textile Mills.

For LUCKY ENERGY LTD,

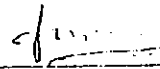
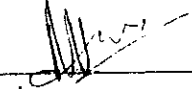
  
Chief Executive.  
For : Lucky Energy Ltd.

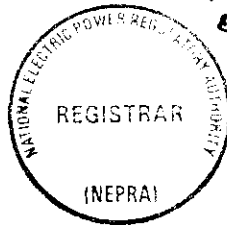
  
For : Lucky Textile Mills.

WITNESS:

WITNESS:



Following documents have been received along with the 2 Nos Copies of Original Licence to M/s Lucky Energy Ltd.

- |    |   |        |
|----|---|--------|
| 1. | Determination (Original)                    | 2 Nos. |
| 2. | Term of the Licence (Original)              | 2 Nos. |
| 3. | Second-Tier Supply Authorization (Original) | 2 Nos. |

One set of Item No. 3 has been sent to M/s Lucky Energy Ltd. along with the Original Generation Licence. Both sets of Item No. 1 & 2 above have been retained and placed along with the Second Original Generation Licence of M/s Lucky Energy Ltd. that has been forwarded to Central Record Section of Registrar Office.



(Muhammad Abdul Ghafoor)



**Determination in the matter of**  
**for the Grant of Generation Licence to**  
**Lucky Energy (Pvt.) Ltd (LEPL)**


Lucky Energy (Pvt.) Ltd. (LEPL) was incorporated in 1993 as a private limited company for setting up Four (4) Nos. Power Stations located at Federal "B" Area & S.I.T.E., Karachi having a total installed capacity of 12.545 MW. LEPL made an application to National Electric Power Regulatory Authority (NEPRA) on 21 April 2001 for a generation licence which NEPRA admitted for consideration on 18 October 2004.

2. Following Regulation 8 of the NEPRA Licensing (Application and Modification Procedure) Regulations 1999, the Authority on 21 October 2004 advertised about the LEPL 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 KESC, S.I.T.E Association of Industry and Office of the Environmental Protection Agency, Government of Sindh.

3. The LEPL Generation facilities have been established at the 04 sites, three Power Stations namely P1 (7.72 MW; 8x0.965 MW), P2 (0.965MW; 1x0.965 MW) and P3 (1.93 MW; 2X0.965 MW) are located in the Federal 'B' Area, Karachi where as the fourth Power Station namely P4 (1.93 MW; 2x0.965 MW) is located in the S.I.T.E., Area, Karachi. All four Power Stations have gas engines and generate power at 400 V and supply to their consumers namely Fazal Textile Mills Ltd. (FTML), Lucky Textile Mills No. 01 (LTM1), Lucky Textile Mills No. 02 (LTM2) and Lucky Textile Mills No. 03 (LTM3) through feeders/underground cables. The feeders/cables run from the Power Plants to their consumers within the same premises. Only one LEPL's consumer namely FTML is also on KESC billing panel whereas the other 3 LEPL consumers have been disconnected from the KESC system since long.

**Environmental Issues**

4. 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, LEPL and its consumers should conduct Environmental Audit through a reputable Consultant. The LEPL 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 LEPL shall conform to the Performance and Environmental Standards as stipulated in the Generation Licence.

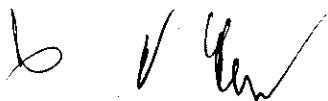
5. Ministry of Industries & Production supported the application of LEPL for the grant of Generation Licence subject to the fulfillment of environmental compliance. Mr. Arif Balwani, S.I.T.E Association of Industry also supported the grant of Generation Licence to LEPL.

6. Engr. Ansari Bashir Ahmed of Bakht Business House Karachi showed concern about the environment degradation of Karachi. He further commented that in comparison to other industries, Power Plants contribute more towards environment degradation. The LEPL stated that keeping in view the environmental pollution in Karachi, LEPL had purchased a natural gas operated power plant instead of a diesel fired one. The emission values of the Caterpillar engines were well within the limits of the international norms. LEPL had maintained 6 to 8% free oxygen in the engine smoke, which was a key to ensure NOx level remains within limits (less than 500mg/N cubic meter).

7. The Authority 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.

#### **Consumers of LEPL**

8. KESC stated that presently one LEPL's consumer namely FTML is on their billing panel. According to KESC, FTML reduced its load from 1500 KW to 1000KW in



1993 however recent reading shows its demand at 1573 MW. KESC maintained that due to this unauthorized extension in load FTML have outstanding dues against it and requested NEPRA to assist in its clearance. KESC also claimed that as per the NEPRA Act, 1997, FTML shall have to give 3 years notice before switching over to other Generation. KESC further stated that LEPL's other 3 consumers namely LTM1, LTM2 and LTM3 were disconnected and are on Self Generation since long.

9. It was observed by the Authority that FTML continues to be a consumer of KESC; hence the 3 years notice as stipulated in the NEPRA Act, 1997 would not be applicable in the instant case. The Authority also observes that as FTML is still a KESC consumer so extension in load as claimed by KESC should be a matter to be settled between KESC and consumer.

10. LEPL stated that its consumers namely LTM1, LTM2 and LTM3 as backup would manage Rental Generators in case of total power house supply failure. LEPL further stated that according to the agreement between LEPL and its consumers, LEPL had assured and undertook that it would supply smooth, uninterrupted and continuous power to its consumers.

11. Reliability of electric power is of prime concern to NEPRA. The Authority considers that such backup arrangement is not in consonance with the standard practice. It is not sufficient to merely say that LEPL in its agreement assured a reliable supply; hence the Authority directs LEPL to submit a concrete backup power supply arrangement plan, which should also include relevant certification of its consumers.

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

12. 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 licence to KESC declared all consumers of SPPs with a connected load of not less than 200 kW as BPCs. Therefore, consumers of SPPs were given special status in comparison to BPCs defined in the Act. Since the Plants of LEPL were commissioned between 1994 and 1998, therefore LEPL falls under the categorization of an SPP. According to the Agreements between LEPL



and its consumers, LEPL shall supply 5.50 MW, 0.7 MW, 1.3 MW and 1.5 MW power to FTML, LTM1, LTM2, LTM3 respectively. All consumers of LEPL qualify as BPCs (as declared under the distribution licence to KESC); therefore LEPL may sell to FTML, LTM1, LTM2 and LTM3.

**WHETHER LEPL WOULD REQUIRE A DISTRIBUTION LICENCE?**

13. The Authority 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. All the four consumers are located inside the boundary wall of LEPL Plants compound and the power to the consumers is being supplied through feeders/cables lying within the same premises. Hence, in the case of LEPL Plants, 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 Authority is of the opinion that based on the considerations that i) the consumers are located within same premises and no public property is involved, LEPL's supply of power does not constitute a distribution activity under the Act, and a distribution licence would not be required.

**TARIFF**

14. The Authority considers that the matter of rates, charges and terms and conditions of tariff between LEPL and its two consumers does not affect any other consumer or third

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party. Rather, if the isolated status is considered to constitute an absence of transmission and distribution system, then the generation and supply can be considered a competitive mode of generation as envisaged in the NERPA Act (Section 21 and 22).

15. Therefore for the purpose of tariff, the Authority has accepted and specified the rate as per the bilateral agreements, which SEL and its consumers have contracted and LEPL may charge such tariff subsequent to the grant of the generation license.

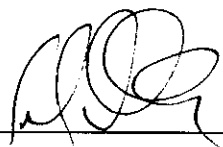
16. In accordance with Rule 6(1) b of the Generation rules the Authority approves the bilateral agreements between LEPL and its consumers and allows LEPL to sell electricity at the tariff mutually agreed between the parties as the specified tariff.

#### **Term of Licence**

17. The term of a Generation Licence under NEPRA Generation Rules is to be determined by the remaining useful life of the plant. Since gas engines based power plants generally have a useful life of around 25 years and LEPL engines were commissioned in 1994-98 hence LEPL is being granted a licence for remaining useful life which corresponds to a period of 18 years.

WITH THIS, the Authority hereby grants the Generation Licence to Lucky Energy (Pvt.) Ltd. in the terms and form as annexed to this determination. The grant of such a Licence would be subject to the provisions contained in the NEPRA Act and the relevant Rules framed there under.

1. **Mr. Fazlullah Qureshi, Vice Chairman**



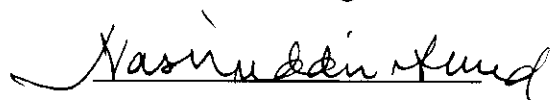
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2. **Mr. Abdul Rahim Khan, Member**



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3. **Mr. Nasiruddin Ahmed, Member**



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**Term of the Licence  
(Article 5 of the Licence)**

**Lucky Energy (Pvt.) Ltd.**

The rule 5 of the Licensing (Generation) Rules - 2000 stipulates that the term of Licence shall be commensurate with the maximum expected useful life of the units comprised in a generation facility demonstrated to the satisfaction of the Authority unless the applicant consents to a shorter period.

M/s Lucky Energy (Pvt.) Ltd has shown in its application No. Nil dated 21st April 2001 to NEPRA for a Generation Licence, remaining life of its facility as 14 years.

The Licensing Group considers that the Gas Generators normally have useful life of around 25 years. Since the plants of Lucky Energy (Pvt.) Ltd. were commissioned between 1994 and 1998 therefore the Group recommends that the Licence be issued to Lucky Energy (Pvt.) Ltd., by the Authority for 18 years from the date of grant of Licence by the Authority.

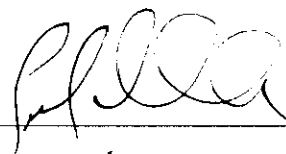
**AUTHORITY DECISION**

The Authority agrees with the Licensing Group recommendations about the term of Licence. The Licence is granted for a term of 18 years.

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**Authority**

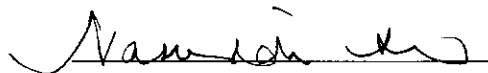
Mr. Fazlullah Qureshi, Vice Chairman



Mr. Abdul Rahim Khan, Member



Mr. Nasiruddin Ahmed, Member



**Determination in the matter of**  
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**TARIFF**

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party. Rather, if the isolated status is considered to constitute an absence of transmission and distribution system, then the generation and supply can be considered a competitive mode of generation as envisaged in the NERPA Act (Section 21 and 22).

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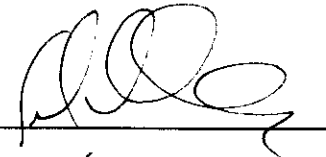
16. In accordance with Rule 6(1) b of the Generation rules the Authority approves the bilateral agreements between LEPL and its consumers and allows LEPL to sell electricity at the tariff mutually agreed between the parties as the specified tariff.

**Term of Licence**

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WITH THIS, the Authority hereby grants the Generation Licence to Lucky Energy (Pvt.) Ltd. in the terms and form as annexed to this determination. The grant of such a Licence would be subject to the provisions contained in the NEPRA Act and the relevant Rules framed there under.


1. Mr. Fazlullah Qureshi, Vice Chairman



2. Mr. Abdul Rahim Khan, Member



3. Mr. Nasiruddin Ahmed, Member



**Term of the Licence  
(Article 5 of the Licence)**

**Lucky Energy (Pvt.) Ltd.**

The rule 5 of the Licensing (Generation) Rules - 2000 stipulates that the term of Licence shall be commensurate with the maximum expected useful life of the units comprised in a generation facility demonstrated to the satisfaction of the Authority unless the applicant consents to a shorter period.

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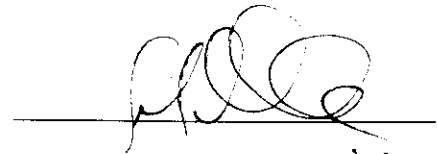
**AUTHORITY DECISION**

The Authority agrees with the Licensing Group recommendations about the term of Licence. The Licence is granted for a term of 18 years.

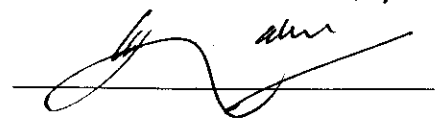
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**Authority**

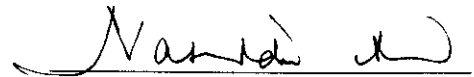
Mr. Fazlullah Qureshi, Vice Chairman



Mr. Abdul Rahim Khan, Member



Mr. Nasiruddin Ahmed, Member



**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY**

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**MINUTES OF THE AUTHORITY REGULATORY MEETING 05-060  
HELD ON 19 APRIL 2005**

**SUBJECT: GRANT OF GENERATION LICENCE TO LUCKY ENERGY (PVT) LIMITED**

A meeting of the Authority was held on 19 April 2005 to discuss the grant of Generation Licence to Lucky Energy (Pvt) Limited. The following attended the meeting:

(1)	Mr. Fazlullah Qureshi	Vice Chairman
(2)	Mr. Nasiruddin Ahmed	Member (Licensing)
(3)	Mr. Abdul Rahim Khan	Member (Privatization)
(4)	Mr. Abdul Rashid Kakar	Senior Adviser (Licensing)
(5)	Mr. Mahjoob Ahmad Mirza	Registrar
(6)	Mr. Amer Zia	Director (Coordination)
(7)	Ms. Aameena Sohail	Legal Advisor
(8)	Mr. Ahsan Maqbool	Deputy Director (Licensing)
(9)	Syed Safeer Hussain	Assistant Director (Licensing)

2. The Licensing Division's Report on the subject and the proposed draft Generation Licence to Lucky Energy (Pvt) Limited, were presented before the Authority. The Authority discussed the case in detail particularly the location of the consumers with respect to the power stations, consumers' status with respect to supply from KESC, sufficiency of generation available to feed the consumers and the back-up supply arrangements of the consumers. After thorough discussion the Authority agreed to grant generation licence to Lucky Energy (Pvt) Limited. The bilateral agreement between the generating company and its consumers (1) Fazal Textile Mills Limited (2) Lucky Textile Mills No.1 (3) Lucky Textile Mills No. 2 (4) Lucky Textile Mills No.3 was also presented.



19 APRIL 2005

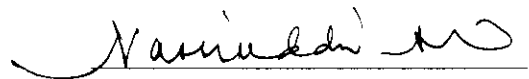
DECISION OF THE AUTHORITY IN THE MATTER OF  
GRANT OF GENERATION LICENCE TO  
LUCKY ENERGY (PVT) LIMITED (LEPL)

(REGULATORY MEETING 05-060 HELD ON 19 APRIL 2005)

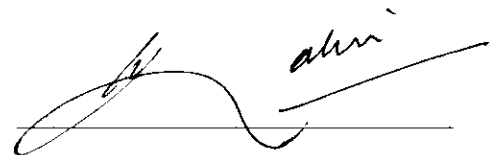
The Authority considered the record of proceedings in the case, the evidence proffered and the arguments made orally and in writing. The draft Generation Licence, Second Tier Supply Authorization and term of the licence as proposed by the Licensing Division, and the matter of the bilateral agreement between the Applicant and the bulk power consumers to which the applicant desires to sell under Second Tier Supply Authorization were also considered. The Authority decided:

1. To grant Generation Licence to the Applicant, Lucky Energy (Pvt) Limited (LEPL).
2. To approve the term of Licence to be 18 years from the date of grant of the Generation Licence.
3. To approve as the specified tariff, the supply charges agreed between LEPL and its consumers (1) Fazal Textile Mills Limited (2) Lucky Textile Mills No.1 (3) Lucky Textile Mills No. 2 (4) Lucky Textile Mills No.3 as per the agreement made between the parties and directs that it should be annexed to the Second Tier Supply Authorization.

1. Mr. Nasiruddin Ahmed, Member



2. Mr. Abdul Rahim Khan, Member



3. Mr. Fazlullah Qureshi, Vice Chairman

