



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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

Registrar

No. NEPRA/DG(Lic)/LAG-180/ 15692-15701

September 23, 2025

Chief Executive Officer

Lucky Cement Limited

6-A, Mohammad Ali Housing Society

A.Aziz Hashim Tabba Street, Karachi

**Subject: Modification in Generation Licence No. SGC/72/2011
Licence Application No. LAG-180
Lucky Cement Limited**

Reference: LCL's LPM submitted vide LCL/KP/NEPRA/102409 dated 10.09.2024

Enclosed please find herewith Determination of the Authority in the matter of Licensee Proposed Modification filed by Lucky Cement Limited in its Generation Licence (SGC/72/2011 dated April 27, 2011) approved pursuant to Section 26 of the NEPRA Act read with Regulation 10(4) of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations 2021.

Enclosure: As Above

(Wasim Anwar Bhinder)

Copy to:

1. Secretary, Power Division, Ministry of Energy, 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Energy Department, Government of Sindh, 3rd Floor, Start Life Building-3, Dr. Zia-ud-din Ahmed Road, Karachi
3. Managing Director, Private Power & Infrastructure Board (PPIB), Emigration Tower, Plot No. 10, Mauve Area, Sector G-8/1, Islamabad
4. Managing Director, National Grid Company of Pakistan (NGC), 414 WAPDA House, Lahore
5. Chief Executive Officer, CPPA(G), 73 West, A.K. Fazl-ul-Haq Road, Blue Area, Islamabad
6. Chief Executive Officer, Independent System and Market Operator of Pakistan (Guarantee) Limited (ISMO), Faiz Ahmed Faiz Road, H-8/1, Islamabad
7. Chief Executive Officer, K-Electric Limited, KE House, 39 B, Main Sunset Boulevard, DHA Phase-II, Karachi.
8. Chief Executive Officer, Hyderabad Electric Supply Company (HESCO), Old State Bank Building, G.O.R Colony, Hussainabad, Hyderabad
9. Director General, Environmental Protection Department, Government of Sindh, Plot No ST2/1, Sector 23, Korangi Industrial Area, Karachi

National Electric Power Regulatory Authority
(NEPRA)

Determination of the Authority
in the Matter of Application of Lucky Cement Limited for
Modification in its Generation Licence

September 23rd, 2025
Case No. LAG-180

(A). Background

(i). Lucky Cement Limited (LCL) holds a Generation Licence (No. SGC/72/2011, dated April 27, 2011) in terms of Section-15 (Now Section-14B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act").

(ii). The Authority granted the above mentioned licence for a 29.7304 MW Natural Gas based generation facility, located at 58-KM Main Super High Way Goth Khadeji, Jokhio Morre district Karachi in the province of Sindh for supplying to the National Grid through the host distribution company i.e. Hyderabad Electric Supply Company Limited (HESCO).

(iii). Later on, the Authority through Modification-I dated February 21, 2020 in the above mentioned Generation Licence, allowed another distribution company i.e. K Electric Limited (KEL) for supplying to DHA City Karachi (DHACK) located nearby to the generation facility of LCL/the Licensee.



(B). Communication of Modification

(i). LCL in accordance with Regulation-10 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 (the "Licensing Regulations") communicated a Licensee Proposed Modification (LPM) in its above mentioned Generation Licence on September 18, 2024.

(ii). In the text of the "Proposed Modification", LCL stated that the Company has been using the indigenous gas supplied through Sui Southern Gas Company Limited ("SSGC") to generate electricity for self-consumption as well as supplying surplus power to the utilities including HESCO and KEL for onward sale to DHACK. However, due to the depletion of indigenous gas reserves, SSGC began supplying a mix of indigenous gas and Re-Gasified Liquefied Natural Gas (RLNG) to its consumers, including the company/LCL/the Licensee and the same is now being used for generation of electric power at the above facility. In the text of the "Proposed Modification", LCL stated that it plans to add in the current provision of the primary fuel (which is the Natural Gas) the option of RLNG or a Mixture of Natural Gas and RLNG as the case may be. Further, it was submitted that the company/the Licensee plans to supply surplus power from its thermal power station produced from the Natural Gas or RLNG or mixture of both in accordance with the supply received from the gas company/SSGC, requiring a modification in the existing Generation Licence.

(iii). Regarding the "statement of the Reasons in Support of the Modification", LCL, *inter alia*, stated that during the month of May 2023, SSGC informed it that due to depleting indigenous gas reserves, it had started mixing/blending RLNG in its gas supply, which is injected in existing transmission network and supplied to all consumers, including the company/LCL/the Licensee. In order to continue the supply of both indigenous and RLNG to the company/the Licensee, SSGC indicated that the gas price charged would be adjusted to include the cost of RLNG in proportion to the quantities supplied. In view thereof, SSGC



has requested the company/LCL/the Licensee to enter into a supplemental agreement to the Gas Supply Agreement (GSA) failing which the gas supply will be discontinued. Accordingly, the company/the Licensee has executed the supplemental agreement to the GSA for the purchase of indigenous Gas + imported RLNG mix in a ratio that SSGC considers appropriate.

(iv). About the statement of impact, if any, of the proposed modification on the "Tariff", "Quality of Service (QoS)" or "the Fulfilment of Licence Obligations", LCL submitted that the proposed modification in the licence will impact tariff according to the notified price of RLNG by the relevant authority. However, the modification shall not have any adverse impact on quality of service and performance of the project.

(C). Processing of Modification

(i). After completion of all the required information as stipulated under the Regulation-10(1) and 10(2) of the Licensing Regulations, the Registrar published the communicated LPM in one (01) English and one (01) Urdu daily newspaper on November 22, 2024. The said publication invited comments of the general public, interested/affected parties and other stakeholders about the communicated LPM in terms of the Regulation-10(3) of the Licensing Regulations.

(ii). In order to arrive at an informed decision and for the transparency of the matter to fulfil the regulatory norms, the Registrar also invited comments of the relevant Govt. Ministries, their attached Departments, representative organizations and individual experts, etc. for the assistance of the Authority, by sending separate letters to the said stakeholders on November 22, 2024, in favor or against the communicated LPM as stipulated in Regulation-8(2) of the Licensing Regulations.



(D). Comments of Stakeholders

(i). In consideration of the above, the Authority received comments from six (06) stakeholders including Private Power & Infrastructure Board (PPIB), Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), DHACK, Shaukat Khanum Memorial Trust (SKMT), Ministry of Energy Petroleum Division (MoEPtD), SSGC and KEL. The summary of the received comments in this regard is described below:-

- (a). CPPA-G apprised the Authority that the generation facility does not fall under any category wherein it is designated as a power purchase therefore, no comments can be offered;
- (b). DHACK submitted that it is a project of Pakistan Defence Officers Housing Authority (PDOHA) Karachi and is located at a distance of 26-Km from the Toll Plaza of Karachi. The electricity requirement of DHACK are mainly being met through electric power that LCL generates from its CPP and supplies the same through underground feeders and KEL bills for the units supplied. The continued availability of supply of electric power from LCL is considered critical as there is no other source which is currently available in the area. It is pertinent to mention that as of now various facilities including (a). residential & commercial buildings; (b). a campus of DHA Suffa University which has an intake of over 300 students (with boys and girls hostel facility); (c). 2 x Higher Secondary Schools with more than 600 students; (d). a medical facility of DOW University; and (e). a state of the art cancer hospital with research & training facilities are in advance



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stages, are likely to be operation by end 2025. In backdrop of multifaceted (already developed/upcoming) projects in DHACK, the supply from LCL is critical as there is no alternate arrangement therefore, it is strongly recommended to allow approval of the request that has been made;

- (c). SKMT stated that its Cancer Hospital and Research Centre is currently under construction in DHACK. The size and scope of the project is such that it will have over 400 beds and with patients coming in from Karachi, interior Sindh and Baluchistan. Our Walk-in-Clinic on site has been operational since May 2023, providing an initial evaluation for the local community. The structural work of the facility has already been completed back in 2022 and currently Architectural, Mechanical, Electrical, and Plumbing (MEP), Heating, Ventilation, and Air Conditioning (HVAC), Medical Gas Pipeline System (MGPS) and other related infrastructure development is in advance stage. SKMT has planned its facility on the assurance from DHACK that the requirements of the hospital shall be met as per its demand load through KEL or any authorized DISCO. However, there have been frequent power supply disruptions in the past and it transpired that LCL has been facing issues of additional tariffs on generation using RLNG which caused disruption in its production capacity. In order to maintain the continuity of supply, DHACK has to bear the cost of the differential of tariff however, the same may not be sustainable and has the potential to jeopardize the smooth operations of SKMT. In this regard, SKMT



raised the concern and it transpired that KEL and LCL have signed an addendum to the PAC to include RLNG in the fuel cost component. Further, it has been learned that KEL submitted an application to the Authority and the Authority directed LCL to submit an LPM in its Generation Licence to include RLNG as a fuel and according it has submitted the same. In view of the said, the Authority may approve the LPM to allow the operation of LCL and supply to DHACK;

- (d). MoEPtD stated that necessary directives/policy guidelines have been issued to the concerned Gas Companies for revocation of NOC(s) to CPP(s) for sale of surplus Power to DISCO(s). However in the absence of connectivity of KEL, the DHACK is solely dependent on the power supply from LCL. Accordingly, SSGC was advised to continue gas supply to avoid power supply disruption to DHACK on humanitarian grounds till the time it obtains connection from KEL for meeting power demand. Moreover, it is apprised that in pursuance to the decision of ECC of the Cabinet dated October 23, 2023 currently the gas is being supplied to industry/captive consumers on blended tariff of indigenous gas and RLNG. Therefore, the Authority is requested to consider the forgoing before proceeding further in the subject matter;
- (e). SSGC conveyed that MoEPtD issued directives/policy guidelines for revocation of its earlier directives about issuance of NOC(s) to CPP(s) for sale of surplus to DISCO(s). In compliance with the said directions, SSGC revoked the NOC issued to the company/LCL.



However, as per Ministry of Energy (MoE) directives vide reference No. NG (II)-7(143)/PS/22-Vol-Ipt dated November 28, 2023, SSGC issued revised/modified NOC to LCL vide reference No. Sales/CPP/NOC/SUR-PWR/MoE/01, dated January 24, 2024 to supply electricity up to 6.00 MW (equivalent to 1.44 mmcf/d gas) to only DHACK on humanitarian grounds subject to 100% volume to be billed on RLNG;

- (f). KEL submitted that the proposed LPM is in line with the approval that the Authority had granted through the amendment in the Power Acquisition Contract ("PAC"), dated November 14, 2024. Under the current arrangement, KEL purchases up to 5.00 MW from LCL for onward supply to DHACK and the same is also part of approved Power Acquisition Program (PAP) that the Authority had approved through its determination, dated May 17, 2024. Due to changes in fuel supply, LCL has been generating power on RLNG supply and the Authority had approved inclusion of the same in fuel cost component in its aforementioned approval on Amendment No.1 to the PAC, alongside indigenous gas and hence the LCL fuel cost component (indigenous gas or RLNG) shall be treated as pass-through in tariff. The proposed LPM, which entails addition of RLNG as a fuel type in the Generation Licence, is crucial for the supply of electricity to DHACK, which relies solely on the power supply from LCL therefore, this modification will ensure the continued availability of a reliable power source for serving the power requirements of the area. In view of



the said, KEL requests the Honorable Authority for consideration of the above comments.

(ii). The Authority reviewed the comments of the stakeholders and found the same in favor of the modification/LPM. In view of the said, the Authority considered it appropriate to proceed further in the matter as stipulated in the Licensing Regulations and the NEPRA (Licensing) Generation Rules 2000 (the "Generation Rules").

(E). Observations/Findings

(i). The Authority examined the entire case in detail including the already granted licence of the company/Licensee, communicated LPM, comments of the stakeholders and the provisions of the relevant rules & regulations and the observations in the matter are explained in the following paragraphs.

(ii). As explained above, the Authority granted LCL a Generation Licence No. SGC/72/2011, dated April 27, 2011 for its 29.7304 MW Natural Gas based generation facility/thermal power plant located at 58-Main Super Highway, district Karachi in the province of Sindh for its new CPP for self-utilization and for supplying upto 20.00 MW electric power to HESCO. The generation facility was set up in terms of the N-CPP Policy of PEPCO that Ministry of Water & Power endorsed vide letter dated July 14, 2009.

(iii). The Generation Licence envisaged indigenous Natural Gas as the main fuel that SSGC was supposed to supply to LCL without any alternate fuel. In this regard, SSGC allocated approximately 5.00 MMCFD of pipeline quality Natural Gas to LCL with availability for nine (09) months according to the policy of GoP. Further, SSGC also issued NOC to LCL for supplying to DISCO/National Grid.



(iv). Later on, the Authority through a modification in the above mentioned generation licence dated February 21, 2020, also allowed LCL for supplying to another distribution company i.e. KEL for onwards delivery/supply to DHACK located nearby to the generation facility as it has no other source of supply was available for its residents, other development and commercial activities.

(v). In light of the explanation given in the preceding paragraphs, LCL has suggested to add the option of RLNG as an alternate/back-up fuel for its generation facility for which it has filed an LPM. It is clarified that in terms of Section-26 of the NEPRA Act read with Regulation-9(2) of the Licensing Regulations, the Authority is empowered to modify an existing licence of a licensee subject to and in accordance with such further changes as the Authority may deem fit, if in the opinion of the Authority such modification (a). does not adversely affect the performance by the licensee of its obligations; (b). is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; (c). is or is likely to be beneficial to the consumers; and (d). is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers keeping in view the financial and technical viability of the licensee;

(vi). In consideration of the above, the Authority considers that the LPM which pertains to adding of RLNG as a fuel for power generation in addition to the existing fuel of indigenous gas. In this regard, the Authority has observed that (a).the proposed LPM will not adversely affect the performance of the licensee of its obligations under its generation licence; (b). the LPM is actually necessary for the licensee to effectively and efficiently perform its obligations under the licence considering the fact that the generation facility will be operated even if it is supplied the RLNG in lieu of the indigenous gas; (c). the LPM is likely to be beneficial to the consumers as it will result in more flexibility to the operation of the generation facility but at a tariff higher than what it is on indigenous natural gas however, the same is essential as no other source is available to supply to DHACK; and (d). the LPM is reasonably necessary to ensure the continuous, safe and reliable supply of electric



power to the consumers keeping in view the financial and technical viability of the licensee.

(vii). Regarding the tariff of the company/LCL/the Licensee, the Authority has observed that it approved the tariff for the generation facility on January 09, 2013 with a total generation cost of Rs. 5.2018/kwh with (a). Fuel Cost Component- FCC (on gas price of Rs. 238.38/MMBTU) of Rs. 2.4030/kwh, (b). Fixed Cost Component Rs. 0.7865/kwh; (c). ROE of Rs. 0.3871/kwh; and (d). Financing Cost (1-7 years) of Rs. 1.6252/kwh. As explained in the preceding paragraph, LCL has now submitted the LPM for adding RLNG as main/alternate fuel in addition to the indigenous gas supply from SSGCL. On revised gas price @ Rs. 3000/MMBTU, the FCC works out as Rs. 30.2416/kW whereas on RLNG price @ Rs. 3356.6652/MMBTU the same is calculated as Rs. 33.8370/kWh. The overall per unit cost approximately will be around Rs. 33/kWh on indigenous natural gas and Rs. 36/kWh on RLNG. Authority considers that the change of the fuel from indigenous Natural Gas to RLNG may result in increase in the generation tariff, however considering the fact that the company/the Licensee is providing electric power to DHACK through KEL for which no other source is currently available therefore, the generation facility of the LCL/the Licensee is necessary and essential to allow the LPM. Notwithstanding the said, the generation facility is connected at distribution voltage/11 KV, therefore, its operation may be justified to operate the same considering the fact that transmission and distribution losses are substantially lower than national average including that of KEL. Further, such generation facilities provide system stability by improving voltage profile of the area. Also, being consisting of Gas Engines the generation facility has the capability to provide quick start and stop features thereby, reducing the part load operation of and reduced charges on this account resulting in lessor consumer end tariff. Notwithstanding the said, the utilities/DISCO(s) including HESCO and KEL must ensure that the purchases from the company/LCL/the Licensee shall replace the costliest generation available in their respective pools.



(F). Approval of LPM

(i). In view of the above, the Authority is satisfied that the Licensee has complied with the requirements of the Licensing Regulations pertaining to the LPM. Therefore, the Authority in terms of Section-26 of the NEPRA Act read with Regulation-10(4) of the Licensing Regulations approves the communicated LPM without changes. Accordingly, the information given at Page-8 of the Revised/Modified Schedule-I of the Generation Licence under the Head "C" pertaining to "Fuel Details" is further modified/revised/amended as below:-

(C). Fuel Details

Sr. No.	Description	Existing Provision	Approved through this LPM
(i).	Primary Fuel	Indigenous Natural Gas	Indigenous Natural Gas/ Re Gasified Liquefied Natural Gas (RLNG)/Blend of Indigenous Natural Gas & RLNG
(ii).	Alternate Fuel	Nil/Not Applicable	Nil/Not Applicable
(iii).	Start Up Fuel	Same as Primary Fuel	Same as Primary Fuel
(iv).	Fuel Source (Indigenous/Imported)	Indigenous	Indigenous/Imported

(ii). In consideration of the above, and subject to conditions specified hereinafter, the Generation Licence (No. SGC/72/2011, dated April 27, 2011 & Modification-I dated February 21, 2020) granted to LCL is hereby further modified, allowing the operation of the Generation facility on Indigenous Gas/RLNG or blend of both. The Authority clarifies that except for the above modifications/changes all other details and terms and conditions of the original Generation Licence (No. SGC/72/2011, dated April 27, 2011 & Modification-I dated February 21, 2020) remain unchanged.



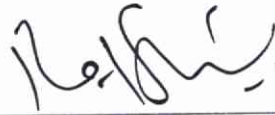
(iii). The approval of the LPM is subject to the provisions contained in the NEPRA Act, relevant rules & regulations framed there under, terms & conditions of the Generation Licence and other applicable documents.

Authority:

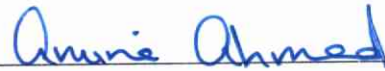
Engr. Maqsood Anwar Khan
(Member)



Engr. Rafique Ahmed Shaikh
(Member)



Ms. Amina Ahmed
(Member)



Engr. Waseem Mukhtar
(Chairman)

