National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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

No. NEPRA/DG(Lic)/LAG-189/328-35

January 10, 2025

Mr. Muhammad Abid Khan
Chief Financial Officer
Thatta Power (Private) Limited
CL 5/4, State Life Building No. 10
Main Abdullah Haroon Road, Karachi

Subject: **Modification in Generation Licence No. SGC/76/2011**
Licence Application No. LAG-189
<u>Thatta Power (Private) Limited</u>

Reference: TPPL's LPM submitted vide letter No. nil dated 03.07.2024

Enclosed please find herewith Determination of the Authority in the matter of application of Thatta Power (Private) Limited (TPPL) for Modification in its Generation Licence (SGC/76/2011 dated December 20, 2011) alongwith decision of Mr. Mathar Niaz Rana, Member NEPRA and additional note of Ms. Amina Ahmed, Member NEPRA.

Enclosure: <u>As Above</u>

(Syed Zawar Haider)

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), Ground & 2nd Floors, Emigration Tower, Plot No. 10, Mauve Area, Sector G-8/1, Islamabad
4. Managing Director, NTDC, 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, Hyderabad Electric Supply Company (HESCO), HESCO Headquarter WAPDA Complex, Hussainabad, Hyderabad
7. 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 Thatta Power (Private) Limited for Modification in its Generation Licence

January 10th, 2025
Case No. LAG-189

(A). Background

(i). Thatta Power (Private) Limited (TPPL) holds a Generation Licence (No. SGC/76/2011, dated December 20, 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 45.984 MW Natural Gas based generation facility to be set up at Ghulamullah Road, Makli, district Thatta in the province of Sindh. The Authority also allowed supplying to a Bulk Power Consumer (BPC).

(B). Communication of Modification

(i). TPPL 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 05, 2024.

(ii). In the text of the "Proposed Modification", TPPL stated that it plans to add the option of Re-Gasified Liquefied Natural Gas (RLNG) as an alternate/back-up fuel for its generation facility. Regarding the "statement of the Reasons in Support of the Modification", TPPL, inter alia, stated that previously,

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

the company operated on indigenous natural gas. However, due to recent developments, it has been transitioned to a blend comprising of indigenous natural gas and imported RLNG. The modification in this regard is required to be incorporated so that any sort of blend of gas supplied by Sui Southern Gas Company Limited (SSGC) is covered under the modified generation licence.

(iii). About the statement of impact if any of the proposed modification on the "Tariff", "Quality of Service (QoS)" or "the Fulfilment of Licence Obligations", it was 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 licensee.

(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 October 12, 2024, informing the general public, interested/affected parties and other stakeholders about the said LPM as required under the Regulation-10(3) of the Licensing Regulations.

(ii). 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 October 21, 2024, in favour or against the communicated LPM as stipulated in Regulation-10(9) of the Licensing Regulations.

(D). Comments of Stakeholders

(i). In consideration of the above, the Authority received comments from two (02) stakeholders including Ministry of Energy Petroleum Division (MoEPtD)

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

and SSGC. The summary of the received comments in this regard is described below:-

(a). MoEPtD stated that necessary directives/policy guidelines have been issued to the concerned Gas Companies for revocation of NOC(s) to Captive Power Plants (CPPs) for sale of surplus Power to DISCO(s). In view of the said, both Sui Companies would not be issuing such NOC(s) to CPP(s). In compliance with the said directives, SSGC revoked the NOC issued to TPPL for sale of surplus power to DISCO/National Grid and the company has filed Suit No. 4128 of 2023 against the revocation of NOC before the Honorable High Court of Sindh (HCoS) and obtained interim relief from the Court and accordingly, SSGC is providing gas to TPPL in compliance of interim court order. It is pointed out that all the NOC(s) for the sale of surplus power issued to CPP(s) have been revoked, irrespective of the fact that gas is supplied on Indigenous, RLNG or blended tariff. In view of the said, the Authority may consider the forgoing before proceeding further in the matter; and

(b). 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/TPPL and being aggrieved the company filed Suit No. 4128 of 2023 against the revocation before the Honorable HCoS and obtained interim relief. In light of the said, SSGC is supplying gas to TPPL on blended tariff of Indigenous gas and RLNG. It is pertinent to mention that all the NOC(s) for sale of surplus power issued to CPP(s) have been revoked irrespective of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

using indigenous gas or RLNG therefore, specific permission/approval of MoEPtD will be required to provide fresh NOC to the company/TPPL for sale of surplus electric power to DISCO(s) irrespective of the fact that gas supplied is indigenous, RLNG or on blended tariff.

(ii). The Authority considered the comments of the stakeholders and in view of the observations of the above mentioned stakeholders, the perspective of TPPL was sought through a rejoinder. In response to the above, TPPL submitted that its generation facility was established in pursuance of the N-CPP Policy that PEPCO had formulated. This policy was specifically designed to encourage the installation of new power generation equipment for self-consumption while allowing the sale of surplus power to DISCO(s). The policy had been instrumental in bridging the gap between electricity demand and supply, and has provided a framework for investors to make significant capital investments in the sector after complying all policy and regulatory requirements. In this regard the Authority had consistently allowed DISCO(s) to procure surplus power from CPP(s) through bi-lateral agreements. In consideration of the above, TPPL entered into Gas Supply Agreements (GSAs) with SSGC and obtained NOC(s) for the sale of surplus power to DISCO(s), as envisioned under the prevailing regulatory and policy guidelines. The purported directives from the MoEPtD dated May 30, 2023, are not applicable to the existing CPP(s). Even otherwise, the matter is currently sub-judice before the Honorable HCoS at Karachi. Neither any basis for such revocation has been provided nor is it in line with the conditions/pre-requisites outlined by the NOC itself. Furthermore, the said directive exceeds the jurisdiction of the ministry, as such a decision could have only been deliberated by the Economic Coordination Committee (ECC), the Oil and Gas Regulatory Authority (OGRA), or the Council of Common Interests (CCI) after following the due process of law and discussions with the stakeholders, as these bodies hold the requisite authority for such policy-level amendments and decisions. The revocation issued lacks the legal mandate and is therefore invalid and ultra vires. In addition, the GSA also stood amended and the same cannot be unilaterally changed and

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

consequently, TPPL has filed Suit No. 4128 of 2023, and the Honorable HCoS has granted interim relief which is in field and operating till date, mandating continued gas supply from SSGC. The revocation of NOC(s) threatens the operational stability and business continuity of CPP(s), including that of TPPL. The investment decisions that the company/TPPL had made were predicated on a stable regulatory environment as envisaged under the N-CPP Policy therefore, revoking the NOC at this stage disregards the legitimate expectations of investors and disrupts the economic rationale underlying the establishment of these power plants. This disruption could have far-reaching implications, including reduced power availability to DISCO(s) and potential litigation due to breach of contractual commitments. Further to the said, TPPL submitted that given the relevant policy framework, significant investments were made, benefits of the reduced losses for DISCOs, affordable tariff and the injunction orders operating in the matter, the issues pertaining to the gas supply arrangements may not be linked to the LPM as the same is sub-judice before the court. Further to the said, it was submitted that RLNG is chemically identical to natural gas, with methane as its primary component. The regasification process merely converts liquefied natural gas back to its gaseous state without altering its combustion properties or emissions characteristics. In view of the said, RLNG generates emissions that are virtually identical to those of natural gas, adhering to the same environmental standards. The natural gas and RLNG are recognized for their clean and lower greenhouse gas emissions compared to other fossil fuels, such as coal or oil. Their clean combustion significantly reduces particulate matter and overall CO_2 emissions, supporting sustainable energy objectives. The use of RLNG as an alternative fuel does not compromise the compliance of TPPL with the NEP-2021 or the NEPL-2023-27. The proposed LPM ensures fuel availability without introducing additional environmental concerns, aligning with national priorities for clean and sustainable solutions. It is important to note that RLNG, despite being imported, offers a pragmatic solution during periods of natural gas shortages. Moreover, both RLNG and indigenous natural gas prices are notified by OGRA, based on several factors beyond control of TPPL and the tariff can vary in either direction depending on these notifications. It was submitted that TPPL is under the bilateral

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

contract with HESCO and remains committed to participating in the CTBCM pursuant to applicable policy, regulatory and contractual frameworks. The flexibility provided by the LPM ensures that TPPL can meet demands while supporting energy security, reliability and flexibility under bilateral contract with DISCO. The LPM is a proactive measure to safeguard operational flexibility for TPPL and stability amidst fluctuating fuel availability. This adaptability benefits stakeholders, including DISCOs, by ensuring consistent power delivery. In view of the said, TPPL requests the Authority to consider the LPM favorably and decide the same as it is in compliance with regulatory requirements.

(iii). The Authority reviewed the above submissions of TPPL and in view of the submitted clarification considered it appropriate to process the communicated LPM in terms of 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, rejoinder submitted 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 TPPL a Generation Licence No. SGC/76/2011, dated December 20, 2011 for its 45.984 MW Natural Gas based generation facility to be located at Ghulamullah Road, Makli, district Thatta in the province of Sindh. The Authority also allowed an authorization for supplying to a BPC in the name of Thatta Cement Limited. 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 TPPL without any alternate fuel.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

In this regard, SSGC allocated 9.00 MMCFD of pipeline quality Natural Gas to TPPL with availability for nine (09) months according to the policy of GoP. Further, SSGC also issued NOC to TPPL for supplying to DISCO/National Grid;

(iv). In light of the explanation given in the preceding paragraphs, TPPL 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). does not cause the Authority to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the NEPRA Act or the rules or regulations made pursuant to it; (c). is or is likely to be beneficial to the consumers; (d). is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; and (e). 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;

(v). In consideration of the above, the Authority considers that the LPM pertains to adding RLNG as a fuel for power generation in addition to the existing fuel of indigenous gas. In this regard, the Authority has observed that SSGC has cancelled the NOC for supplying surplus power to DISCO(s). The Authority has further observed that in terms of letter of SSGC dated January 11, 2011 it has been categorically mentioned that if the GoP at any stage decides not to allow supply of gas, the connection will be disconnected, immediately. The company/TPPL/Licensee being aggrieved from the said decision of SSGC, has filed a suit in the Honorable HCoS and obtained an interim relief. In view of the said, the company/TPPL/Licensee is still getting the Natural Gas/RLNG for the operation of the generation facility and is generating/supplying electric power to the concerned utility/DISCO.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

(vi). Regarding the tariff of the company/TPPL/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, TPPL 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 as the generation facility is connected at distribution voltage/11 KV, it may be justified to operate the same considering the fact that transmission and distribution losses are substantially lower than national average. 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 utility/DISCO must ensure that the purchases from the company/TPPL/the Licensee shall replace the costliest generation available in the pool of CPPA-G.

(vii). Apart from the above, the Authority has observed that in the current case, different stakeholders submitted their comments raising different concerns for which the company/TPPL/the Licensee also submitted its rejoinder to the same as explained in the preceding paragraphs and the same have duly been considered. However, the Authority considers it appropriate to give its findings on the various observations of the stakeholders including (a). the LPM should not result in any increase in tariff; (b). modification may not affect the initiatives of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

reducing the overall electricity tariff; (c). NOC for sale of surplus electric power to DISCO revoked and the company obtained interim relief from the Honorable HCoS; (d). impact of RLNG on environment; (e). use of RLNG is against the spirit of indigenization/localization in terms of NEP-2021 and NEPL-2023-27; and (f). specific permission/approval to provide fresh NOC for sale of surplus to DISCO(s). In consideration of the above, the Authority is of the view that the addition of RLNG as the operating fuel along with indigenous Natural Gas is justified for the reasons explained at Para E-(vi) above and the same are reiterated. The Authority has observed that SSGC has revoked the NOC for sale of surplus power to DISCO against which a Suit (No. 4128 of 2023) has been filed before the Honorable HCoS and the court has accorded an interim relief. In this regard, the Authority considers that in terms of the relevant policy of the GoP, a gas utility company can withdraw the granted/issued NOC however, the matter is sub-judice and SSGC continues to supply Natural Gas or RLNG or a blend of both to the company and it is injecting the generated electricity in the system therefore, there is a case to allow the LPM to include the alternate fuel without prejudice to the proceedings in the Honorable HCoS, however, permission of this LPM has no bearing on the gas supply to the company/TPPL/the Licensee and shall be governed by the GoP Policy. About the environmental impacts of RLNG, the Authority will like to clarify that it has the same composition as that of the indigenous gas and therefore there will not be any adverse impact of the use of the same. Regarding, the comment that the use of RLNG is against the spirit of indigenization/localization, the Authority will like to clarify that the current energy mix of the country consists of various fuel and RLNG makes a reasonable portion of the same therefore, operation of the generation facility of the company/TPPL/the Licensee is not an exception. The Authority has observed that MoEPtD/SSGC had submitted that specific permission/approval of the competent authority will be required to provide fresh NOC for sale of surplus to DISCO(s) and the Authority directs the company to approach the right forum for the same whenever, the need arises. In view of the said, the Authority considers that the observations of various stakeholders stand addressed and settled.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

(viii). In light of the explanation above, the Authority considers that (a). the proposed LPM which is meant to add RLNG as alternate fuel will not adversely affect the performance of the licensee of its obligations under its generation licence; (b). the LPM will not cause the Authority to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the NEPRA Act or the rules or regulations made pursuant to it; (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; (d). the LPM is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; and (e). 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.

(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 provisions of terms and conditions given at Page-7 of the Schedule-I of the Generation Licence under the Head "C" pertaining to "Fuel Details" is amended as below:-

(C). Fuel Details

Sr. No.	Description	Existing Provision	Approved through this LPM
(ii).	Alternate Fuel	Nil	Re Gasified Liquefied Natural Gas (RLNG)/Blend of Indigenous Natural Gas & RLNG

(ii). In consideration of the above, and subject to conditions specified hereinafter, the Generation Licence (No. SGC/76/2011, dated December 20,

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

2011) granted to TPPL is hereby modified, allowing the operation of the Generation facility on Indigenous Gas/RLNG or blend of the said in terms of the Interim Order of the Honorable HCoS. The Authority clarifies that except for the above amendments all other terms and conditions of the original licence remain unchanged. Further to the said, any modification, if required in the Generation licence and/or Power Purchase Agreement/PPA of the company/TPPL/the Licensee, in light of the decision of the Honorable HCoS, will be considered and decided by the Authority subsequently.

(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)

Engr. Mathar Niaz Rana
(Member)

Ms. Amina Ahmed
(Member)

Engr. Waseem Mukhtar
(Chairman)

My note is attached

My decision is attached

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

DECISION OF MEMBER (TARIFF)
ON
LPM OF NEW CAPTIVE POWER PROJECTS
(RM NO 24-512, 24-513, 24-514 AND 24-515)

1. **POLICY ISSUES:**

These gas based New Captive Power Projects (NCPPs) have filed LPMs and requested the Authority to include RLNG in their Generation License. The power generation and procurement decisions are economic & commercial decisions driven by supply demand and power sector. The policy of NCPPs was introduced in 2019 due to extreme energy shortage and excessive load shedding & long gestation period of larger IPPs under planning at that time. However, today as the power sector supply & demand scenario has changed and Government is struggling with high capacity payments and excessive capacity & reducing power consumption due to high tariff. Apparently, the Government has taken a considered decision to discontinue procurement from CPPs so that more load is shifted to grid. This initiative has been taken to reduce capacity payments & Tariff, create space for cheaper renewable energy projects, deal with excessive power availability and foster industrial & domestic consumption. I draw this conclusion from the broader national debate on the issue, as well as from key correspondence, including the Petroleum Division's letter dated 30th May 2023, the SSGC letter dated 16th August 2023, the Ministry of Energy's comments dated 5th November 2024, MEPCO's observations dated 18th November 2024 and PPIB's communication dated 31st October 2023 which is part of the record. It is also important to note that RLNG, being a non-local fuel, does not meet the conditions stipulated in the grant of the earlier license, as highlighted by MEPCO in its comments (Section 3) in the letter dated 18th November 2024 which are part of the record.

2. **ADVERSE EFFECT ON CONSUMERS AND COMMERCIAL AND ECONOMIC ENVIRONMENT:**

It is pertinent to mention here that the reference tariff to be charged by these power projects after 01.12.2013 was worked out to be Rs.2.0957 on the basis of gas price of Rs. 238.38/ MMBtu. In view of the current price of gas which is Rs. 3000/MMBtu determined by OGRA vide Notification dated 1st Jul 2024, the fuel cost component for these captive power projects works out to be Rs. 26.3743/kWh. However, the fuel cost works out to be Rs.29.5099/kWh on RLNG price of Rs. 3,356.6652/MMbtu for the last week of November 2024. Total tariff allowed to these power projects is as follows: -

Description	Reference	Revised (Gas)	Revised (RLNG)	FCC avg. basket of CPPA-G for Nov 2024
	Rs./kWh			
FCC	2.403	26.3743	29 5099	
Fixed cost component	0.7865	0 7865	0.7865	
ROE	0.3871	0.3871	0.3871	
Financing cost (1-7 years)	1.6252	-	-	
Total	5.2018	27.5479	30 6835	7.22

Note:

i. *Reference FCC after 1st December 2023 was allowed to be charged Rs.2.0957/kWh.*

ii. *Financing cost was allowed to be recovered in initial 7 years, hence this has not been considered in the revised working.*

iii. *Fixed Cost Component of Rs. 0.7865/kWh comprises of Rs. 0.6798/kWh on account of O&M and Insurance of Rs. 0.1067/kWh. O&M is to be indexed with local CPI for the month of April after every two years.*

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

3. In addition to the aforementioned, the PAC for these NCPPs is on "Take and Pay" basis with DISCOs i.e. SEPCO and HESCO, so fixed cost component and ROE also need to be paid to these NCPPs for every KWh of energy provided.

4. Allowing these NCPPs to operate on RLNG would clearly be: -
   i. Costlier than the energy generated on gas considering the difference between gas and RLNG price. It does not address the concerns of the major stakeholders as part of the record including Ministry of Energy comments dated 5th November 2024, MEPCO dated 18th November 2024 and PPIB dated 31st October, 2023.
   ii. This Tariff will be much costlier than the available pool price of surplus energy in the national grid which is Rs.7.22/kWh for November 2024.
   iii. This Tariff will be costlier than other RLNG plants due to their higher thermal efficiencies. Like for example Haveli Bahadur Shah (HBS), a RLNG power project dedicated for national grid has a fuel cost component of Rs.20.9206/kWh for November 2024.

5. **ECONOMIC MERIT ORDER (EMO) WILL NOT OBSERVED:**
As these power projects are connected at 11kv with the respective DISCOs, hence, these plants operate outside the control of National Power and Control Centre (NPCC). Without the involvement of NPCC, EMO shall not be observed by these power projects, therefore, expensive surplus power shall be injected in the system.

6. **PROCEDURAL INFIRMITIES:**
The decisions will set a bad precedent for relief to be granted to other NCPPs and is increasing consumer end tariff. Earlier a public hearing was conducted to decide matter of approval of Tariff and larger public hearing should have been conducted to decide the matter as there will be a possible Tariff hike according to comments submitted by MEPCO.

7. I am, therefore, not convinced to allow LPM for the reasons stated above.

Mathar Niaz Rana (nsc)
Member (Tariff)

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Additional Note of Member (Law)

Whilst I agree with approving the LPM, the supply of energy to the concerned DISCO must adhere to the least-cost principle. This captive plant, connected at the 11 kV level and not listed in the NPCC's EMO, should be dispatched only when its cost is lower than the variable cost of sources with take-or-pay contracts. Only by following this approach can procurement from this source be beneficial to the overall system. In this regard, the Authority has previously directed all DISCOs to establish generation dispatch centers within their respective territories. Additionally, under Regulation 30(3) of the Procurement Regulations, the Authority while approving the procurement of DISCOs from projects connected at distribution voltage may require the implementation of coordination procedures and systems among the concerned DISCO, NPCC and those projects, for effective operation, scheduling, and dispatch.

In view of the above, the supply of energy from this source to the DISCO is being approved, subject to the implementation of the necessary procedures/systems/tools, to ensure that it proves to be beneficial for the system rather than detrimental.

Amina Ahmed
Member (Law)

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY