



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/LAG-52/7469-74

May 09, 2018

Mr. Suhail A. Khan,
Chief Executive Officer,
ICI Pakistan PowerGen Limited,
ICI House, 63-Muzang Road,
Lahore.

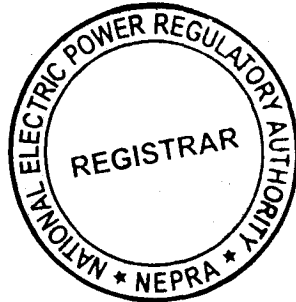
Subject: Modification in Generation Licence No: 003/SGC/2001
Licence Application No. LAG-52
ICI Pakistan PowerGen Limited, (ICIPPGL)

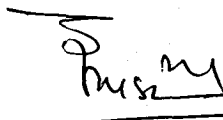
Reference: ICIPPGL's LPM submitted vide letter dated October 13, 2016 (received on October 14, 2016)

It is intimated that the Authority has approved Modification in Generation Licence No. 003/SGC/2001 dated August 27, 2001 in respect of ICI Pakistan PowerGen Limited (ICIPPGL), pursuant to Regulation 10(11)(a) of the NEPRA Licensing (Application and Modification Procedure) Regulations 1999.

2. Enclosed please find herewith determination of the Authority in the matter of Licensee Proposed Modification in the Generation Licence of ICIPPGL along with Modification-III in the Generation Licence No. 003/SGC/2001, as approved by the Authority.

Encl: As above




09 05 18
(Syed Safer Hussain)

Copy to:

1. Secretary, Power Division, Ministry of Energy, A-Block, Pak Secretariat, Islamabad.
2. Managing Director, NTDC, 414-WAPDA House, Lahore.
3. Chief Executive Officer, CPPA-G, ENERCON Building, Sector G-5/2, Islamabad.
4. Chief Executive Officer, Lahore Electric Supply Company (LESCO), 22-A, Queens Road, Lahore.
5. Director General, Environment Protection Department, Government of Punjab, National Hockey Stadium, Ferozpur Road, Lahore.

National Electric Power Regulatory Authority
(NEPRA)

Determination of Authority
in the Matter of Licensee Proposed Modification of
ICI Pakistan PowerGen Limited in Respect of its Generation
Licence

May 09, 2018
Case No. LAG-52

(A). Background

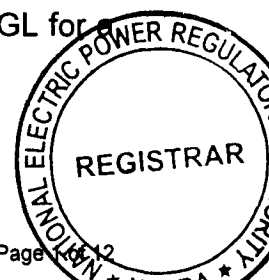
(i). The Authority under Section-15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as "the NEPRA Act") granted a generation licence (No.003/SGC/2001 dated August 27, 2001 to a Small Power Producer (SPP) in the name of ICI Pakistan PowerGen Limited (ICIPPGL). The generation licence was granted to ICIPPGL for its 14.0 MW diesel engine based thermal generation facility located at 30-KM, Lahore Sheikhpura Road, District Sheikhpura, in the Province of Punjab.

(ii). Thereafter, the generation licence of ICIPPGL was modified on August 15, 2008 and September 14, 2015 respectively. Through modification-I dated August 15, 2008 the installed capacity was enhanced to 25.34 MW by addition of 2x5.67 MW gas turbines. Whereas through modification-II dated September 14, 2015, 2x5.67 MW gas turbines were disposed off due to scarcity of natural gas thereby reducing the installed capacity to 14.000 MW.

(iii). Further, at the time of grant of generation licence the Authority had also allowed ICIPPGL to supply power (to the tune of 7MW) to a Bulk Power Consumer (BPC) in the name of ICI Pakistan Limited (ICIPL), under a Second Tier Supply Authorization (STSA). Later on, through modification-II Nestle Pakistan Limited (NPL) was also added as a BPC of ICIPPGL. In this regard, it is relevant to mention that the generation licence was granted to ICIPPGL for a term of fifteen (15) years which expired on August 26, 2016.





(B). Communication of Modification

(i). Accordingly, under Regulation-10(2) of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999 ("the Licensing Regulations"), ICIPPGL communicated a Licensee Proposed Modification (LPM) in its above mentioned Generation Licence on October 14, 2016. In the "text of the proposed modification", ICIPPGL submitted that it intends to extend the term of its generation licence upto 2030 and to add a BPC in the name of Ghani Value Glass Limited (GVGL) for supplying 3.0 MW power to it.

(ii). Regarding the "statement of the reasons in support of the modification", ICIPPGL stated that the diesel engines were commissioned in the year 1993 and have been meticulously maintained and overhauled at regular intervals, as specified by Original Equipment Manufacturer (OEM). Further, the maintenance and operations team is highly skilled and conforms to the highest engineering standards. The engines and associated auxiliaries are fully capable of operating at optimum load. With such high standards of maintenance and operations, these engines are expected to operate optimally till 2030 without any major modification. Further, GVGL has shown intention for signing an agreement with ICIPPGL for purchase of 3.0 MW power.

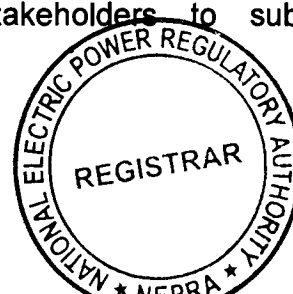
(iii). Regarding the "statement of the impact on the tariff, quality of service and the performance by the licensee of its obligation under the licence", ICIPPGL stated that there is no impact on the tariff, quality of service and the performance by the licensee of its obligations under the licence.

(C). Processing of the LPM

(i). After completion of all the required information as stipulated under the Regulation-10(2) and 10(3) of the Licensing Regulations by ICIPPGL, the Registrar under the Regulation-10(4) of the Licensing Regulations published the communicated LPM in one English and one Urdu daily newspaper on October 26, 2016, to inform the general public and other stakeholders about the LPM. Further, the Registrar invited the said stakeholders to submit their views/comments on the LPM.







(ii). Apart from the above, separate letters were also sent on October 27, 2016 to government ministries/their attached departments and other representative organizations. Through the said letters, the stakeholders were informed about the communicated LPM and publication of its notice in the press. Further, the said stakeholders were invited to submit their views and comments for the assistance of the Authority in the matter.

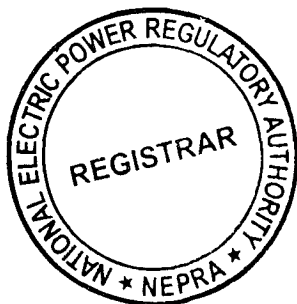
(D). Comments of Stakeholders

(i). In reply to above, the Authority received comments from four (04) stakeholders which included Board of Investment (BoI), Ministry of Petroleum and Natural Resources (MoP&NR), Sui Northern Gas Pipelines Limited (SNGPL) and Ministry of Water & Power (MoW&P). The salient points of the comments offered by the said stakeholder are summarized in the following paragraphs: -

(a). BoI submitted that it has no specific comment on the LPM. However, , being an investment facilitating and promoting government agency, BoI understands that that affordable and smooth supply of energy is the backbone for industrial growth as well as attracting Foreign Direct Investment (FDI) in the country;

(b). MoP&NR submitted that since engines of ICIPPGL are operated on HFO and apparently no gas is required for utilization in this project, therefore this ministry has no objection/comments for proposed modification in generation licence of ICIPPGL subject to the condition that no gas would be demanded at any later stage;

(c). SNGPL in its comments informed that NOC has not been issued to ICIPPGL for selling of surplus power to DISCOs. We understand that the generation licence of ICIPPGL granted by NEPRA pertains to power generation through furnace oil based engines. In such case, we have no objection to the modification in the generation licence based



on fuels other than natural gas; and

- (d). MoW&P submitted that NEPRA may process the LPM as per the provisions of the NEPRA Act and GoP Policy guidelines, while ensuring relevant standards. Further, environmental protection must be ensured.

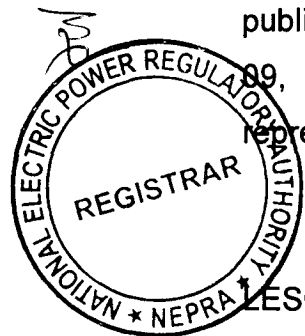
(ii). The Authority examined the above comments of stakeholders and found the same in favor of the communicated LPM. Accordingly, the Authority considered it appropriate to proceed further with the communicated LPM as stipulated in the Licensing Regulations and the NEPRA Licensing (Generation) Rules, 2000, (the "Generation Rules").

(E). Changes/addendums in the communicated LPM

(i). During processing of the communicated LPM, ICIPPGL through its letter dated December 28, 2016 informed that the agreement for supply of power with one of its existing BPC (i.e. NPL) did not materialize and requested to exclude NPL from the list of its BPCs. The Authority considered the request of ICIPPGL in its regulatory meeting held on January 31, 2017 and decided to publish an addendum the notice of LPM to the extent of new request of ICIPPGL.

(ii). Accordingly, the addendum to the notice of LPM was published in one English (Business Recorder) and one Urdu (Jang) daily newspapers on February 11, 2017, for information and seeking comments from the general public and other stakeholders. Further, separate letters were also sent on March 09, 2017 to government ministries/their attached departments and various representative organizations.

(iii). In response to the said, the Authority received comments from LESCO wherein LESCO objected the proposed supply to of power to GVGL by ICIPPGL as GVGL is existing consumer of LESCO. On the observations of LESCO, ICIPPGL through its letter dated November 22, 2017 informed that due to the concerns raised by LESCO and intention of ICIPPGL's Board of setting up



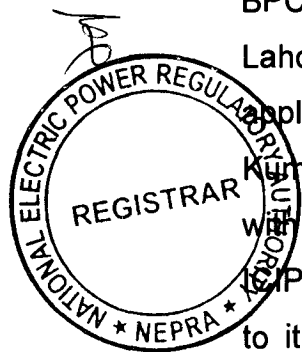
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infant milk manufacturing facility, the management has decided not to proceed with the sale of power to GVGL. In view of the said, ICIPPGL again made changes in the LPM stating that instead of supplying power to GVGL, it plans to supply power to its sister concern in the name of Nutrico Morinaga (Pvt.) Limited (NMPL), to be located adjacent to ICIPPGL.

(iv). The Authority considered the matter in its regulatory meeting held on December 13, 2017 and decided to publish another addendum to the notice of LPM, to the extent of new request/information submitted by ICIPPGL. Accordingly, the addendum was published in the daily newspapers on December 16, 2017. Apart from the above addendum, separate letters were also sent on December 26, 2017 to government ministries/their attached departments and other stakeholders as per approved list.

(v). In response to the above, the Authority received comments from SNGPL and LESCO. In its comments SNGPL reiterated its earlier submission as mentioned in D(i)(c) above. Whereas, LESCO submitted that the proposed BPC (i.e. NMPL) is its BPC in the name of Kumail Hussain (Contractor) under reference no. 24-11641-0000404, having sanctioned load of 180 KW under B2 tariff. LESCO further submitted that, under Section-22 of the NEPRA Act, after lapse of 15 years of its enactment (i.e. after December 2012), neither ICIPPGL can lawfully sell power to a BPC of LESCO nor the Authority is empowered to allow any generation company to sell power to a BPC in the service territory of a DISCO.

(vi). The Authority examined the above comment and view of the observations of LESCO and SNGPL decided to seek perspective on the same. Regarding observations of LESCO, ICIPPGL clarified that the new proposed BPC (i.e. NMPL) is its associate concern and is in construction phase at 30-KM Lahore Sheikhpura Road and has never been a consumer of LESCO nor it has applied for any electricity connection with LESCO. The BPC in the name of Kumail Hussain (Contractor) as indicated in the letter of LESCO has no relation with NMPL and located other side of the Sheikhpura road opposite to both ICIPPGL and NMPL. ICIPPGL further submitted that NMPL is located adjacent to it and the supply arrangement will not involve any crossover of LESCO's



territory. In view of the said, it is evident that there has been some misunderstanding on the part of LESCO therefore the observations of LESCO may be withdrawn. Later on, LESCO through its letter dated February 09, 2018 also confirmed that NMPL is under construction and adjacent/connected to the boundary wall of ICIPPL and presently NMPL not a consumer of LESCO. Regarding observation of SNGPL, ICIPPGL confirmed that it will not generate power using natural gas.

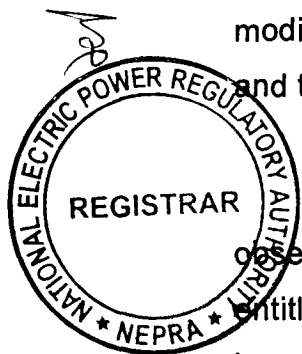
(vii). The Authority examined the above replies of ICIPPGL to the observations of stakeholders and found the same plausible. Accordingly, the Authority considered appropriate to process the LPM of ICIPPGL as stipulated in the Licensing Regulations and the Generation Rules.

(F). Finding/Evaluation of the Case

(i). The Authority has examined the entire case in details including the already granted generation licence, Modification-I dated August 15, 2008, Modification-II dated August 14, 2015, the current LPM, comments of the stakeholder, submissions of ICIPPGL and relevant rules & regulations.

(ii). The Authority observes that in terms of Regulation-10(2) of the Licensing Regulations, a licensee may, at any time during the term of a licence, communicate to the Authority an LPM setting out (a). the text of the proposed modification, and (b). a statement of the reasons in support of the modification, and (c). a statement of the impact on the tariff, quality of service and the performance by the licensee of its obligations under the licence.

(iii). Regarding criteria of modification in a licence, the Authority observes that in terms of Regulation-10(5) of the Licensing Regulations, it is entitled to modify a licence in accordance with an APM or LPM, 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



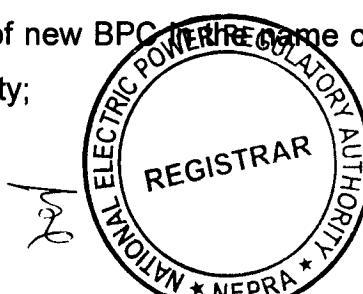
it; (c). is or is likely to be beneficial to the consumers; (d). is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; and (e).is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers keeping in view the financial and technical viability of the licensee.

(iv). The Authority has observed that SPPs were granted generation licences for a term of fifteen (15) years from the date of grant of generation licences. Whereas, in the determination of SPPs date October 08, 2002, SPP is defined as owner of a generation facility of below 100 MW gross capacity, who was engaged in generation and sale of electric power as on April 22, 2000 and who has not signed any Power Purchase Agreement (PPA) with Water And Power Development Authority (WAPDA) or KESC (now K-Electric Limited-KEL) or an Implementation Agreement (IA) with the Government of Pakistan (GoP).

(v). As explained above, the Authority granted ICIPPGL a generation licence (No.003/SGC/2001 dated August 27, 2001) with an Installed Capacity of 14.00 MW. The said generation licence was granted to ICIPPGL for its power plant located at 30-KM, Lahore Sheikhpura Road, District Sheikhpura, in the Province of Punjab.

(vi). Through modification-I dated August 15, 2008 the installed capacity was enhanced to 25.34 MW by addition of 2x5.67 MW gas turbines. Whereas through modification-II dated September 14, 2015 the 2x5.67 MW gas turbines were disposed off due to scarcity of natural gas thereby reducing the installed capacity to 14.000 MW. Further, through modification-II, Nestle Pakistan Limited was also added in the list of BPCs of ICIPPGL.

(vii). The above mention generation licence was granted for a term of fifteen (15) years from the date of its issuance (i.e. August 27, 2001) which has expired on August 26, 2016. However, in order to supply power to its designated BPC, ICIPPGL is required to have a valid generation licence. In view of the said, ICIPPGL communicated the current LPM for extension of term of its generation licence upto 2030 and addition of new BPC in the name of NMPL for supplying about 5.0 MW of surplus electricity;

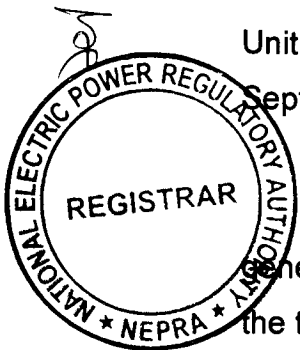


(viii). Regarding term of a generation licence, the Authority has observed that Rule-5 of the Generation Rules stipulates that:

- (a). Except where an applicant for a generation licence consents to a shorter term, the term of a generation 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.
- (b). Upon the expiry of the term of the generation licence, unless revoked earlier in accordance with these rules or the terms of the generation licence, the generation licence may be renewed by the Authority for such further term as it may deem appropriate in the manner provided for in the generation licence keeping in view the remaining maximum expected useful life of the units comprised in the generation facility, the performance of the licensee during the then expiring term and the interests of the consumers and the electric power industry as a whole.

(ix). In this regard, the Authority has observed that the generation facility of ICIPPGL consists of seven (07) diesel engines each with an installed capacity of 2.00 MW. Unit 1-5 were installed in 1993 whereas Unit 6 &7 were commissioned in the year 1997. According to the existing generation licence (modification-II dated September 14, 2015), the remaining useful life of Unit 1-5 is 10 years (valid upto September 13, 2025) and the remaining useful life of Unit 6&7 is 15-years from the date of issuance of Modification-II dated September 14, 2015 (valid upto September 13, 2030).

(x). In the current LPM ICIPPGL has proposed to extend the term of its generation licence upto 2030 and to add a new BPC. The proposed extension in the term of licence is in line with Rule-5 of the Generation Rules which mentions that the term of a generation licence shall be commensurate with the maximum expected useful life of the units comprised in a generation facility and the

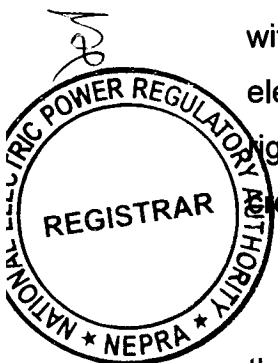


maximum expected useful life of the latest installed units of the generation facility (i.e. unit 6&7) is valid upto September 13, 2030, however, these units will retire on completion of their individual useful life. In this regard, a site visit was also carried out by professionals of the Authority which ascertained the physical condition of the units as stated by ICIPPGL.

(xi). Regarding supply to the BPCs, the Authority has observed that ICIPPGL has proposed to exclude the one of its existing BPC (i.e. NPL) as the sale purchase agreement with NPL could not materialized therefore, the same is required to be excluded from the generation licence. Further, the existing BPC (ICIPL) and the proposed new BPC (NMPL) of ICIPPGL are located within the same premises without involving any public property. Therefore, ICIPPGL will not require a distribution licence for supplying to the BPCs.

(xii). On the observations of LESCO regarding direct supply of power to BPCs in the service territory of DISCOs by generation companies and grant of STSA by the Authority after lapse of 15 years of enactment of NEPRA Act (i.e. after December 2012), the Authority has observed that Section-21 of the NEPRA Act deals with the rights and liabilities of a distribution licensee and states that the Authority may, subject to conditions specified in the NEPRA Act grant distribution licence and the licensee shall possess exclusive right to provide distribution and to make sale of electric power to consumers in the territory specified in the licence. Further, Section-21 carves out an exception to aforementioned exclusivity of a distribution licensee and allows a generation company to make sales to a BPC within the territory of distribution licensee. The exclusive distribution right granted to distribution licensees is subject to conditions specified in the NEPRA Act. The NEPRA Act imposes certain conditions on a distribution licensee and that licensee cannot enjoy exclusivity without corresponding obligations to provide safe, continuous and reliable electricity to consumers. Thus a distribution licensee cannot claim the exclusive right as an absolute right for the reason that the NEPRA Act does not intend to create a monopoly to sell electricity to consumers being bonded consumers.

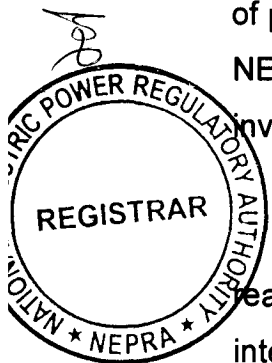
(xiii). Moreover, proviso to Section-21 of the NEPRA Act further clarifies the intention of the legislature by carving out an exception to aforementioned



exclusive right of a distribution licensee. The said Proviso categorically states that a generation company may make sales of electric power to BPCs within such territory as the Authority may allow, subject to Section-22 for a period of fifteen (15) years. Proviso to Section-21 explicitly bifurcate sales of electric power from delivery of electric power and allows sales of electric power by another licensee to BPC in the territory of a distribution company, thereby negating the exclusivity of a distribution licensee with respect to sales of electric power. That if any generating company intends to sell power to a BPC located within service territory of a distribution company, it will seek STSA from the Authority under Section-21 of the NEPRA Act read with Rule-7 of the Generation Rules.

(xiv). The above mentioned Rule-7 of the Generation Rules read with Proviso to Section-21 of the NEPRA Act make it abundantly clear that the Authority may allow, for a period of fifteen (15) years from the commencement of NEPRA Act, a generation company to supply electric power to BPCs in the territory of a distribution licensee. Proviso seeks to achieve an objective that since BPCs are prized consumers and in case of losing BPCs, distribution licensee might incur economic loss, therefore Section-21 and 22 of the NEPRA Act has regulated the sale to BPC by generation companies. It may however be clarified that such restriction was for fifteen (15) years from the commencement of the NEPRA Act and that after December 16, 2012 BPCs are free to get supply of electricity from any source. It is clarified that the time period mentioned in Proviso to Section-21 read with Section-22 of the NEPRA Act does not restrict the powers of the Authority to allow a generation company to supply electric power to a BPC in the territory of a distribution licensee only for the fifteen (15) years from the commencement of the NEPRA Act. Such restrictive interpretation of period of fifteen (15) years mentioned in the Proviso is against the spirit of the NEPRA Act, undermines the competitive environment and discourages the investment in private sector resulting in enhanced demand and supply gap.

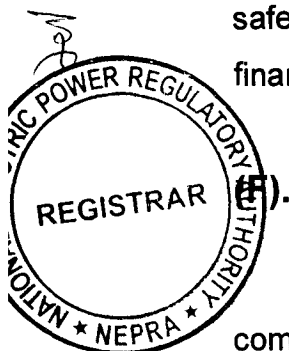
(xv). Furthermore, it is a settled principle of law that a statute has to be read as whole and no single provision can be read to arrive at a just and correct interpretation. Therefore, period of 15 years cannot be read in isolation, it has to be interpreted in the context of scheme of the law. The NEPRA Act envisages a



competitive market which was duly translated in the licence of NTDC setting year 2012 as Commercial Market Operation Date, meaning thereby after fifteen (15) years of commencement of the NEPRA Act power market will be opened for bilateral contracting. Therefore, fifteen (15) years mentioned in the Proviso cannot be read as to disallow sales of electricity by a generation company to BPCs in the territory of a DISCO rather that no such permission will be required after 15 years of commencement of 15 years of the NEPRA Act.

(xvi). According to the generation licence and the provided information in LPM the net capacity of ICIPPGL is 12.25 MW which sufficient to meet the requirements of its BPCs. The net capacity will be distributed among the BPC according to new contracted load. The contracted load of BPCs are 07.0 MW (ICIPL), and 5.0 MW (NMPL) respectively;

(xvii). In consideration of the above, the Authority considers that the LPM will not have any adverse affect on the performance of the licensee of its obligations as it will enable the licensee to supply the available energy for a considerable time to the designated BPCs. Further, 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 the NEPRA Act. The LPM will be beneficial to the consumers in general as reliable electricity will be available to the BPCs. The LPM is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence. The LPM is 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.



Approval of LPM

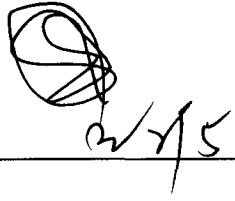
(i). In view of the above, the Authority is satisfied that ICIPPGL has complied with all the requirements of the Licensing Regulations pertaining to the modification. Therefore, the Authority in terms of Regulation-10(11)(a) of the Licensing Regulations approves the communicated LPM.

(ii). Accordingly, the generation licence ((No.003/SGC/2001 dated August 27, 2001) of ICIPPGL is hereby modified. The changes made in the

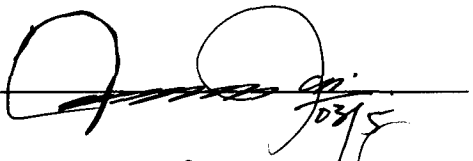
generation licence and STSA are attached as annexure to this determination. The approval of the LPM will be subject to the provisions contained in the NEPRA Act, relevant rules framed there under, terms & conditions of the generation licence and other applicable documents.

Authority

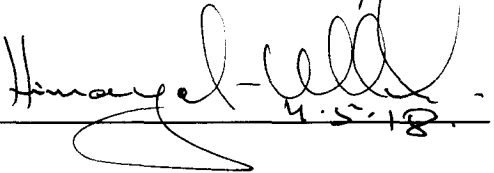
Rehmatullah
(Member)



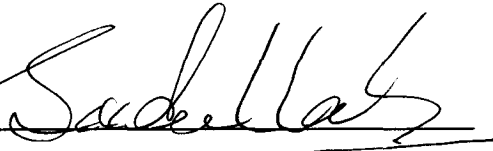
Syed Masood-ul-Hassan Naqvi
(Member)



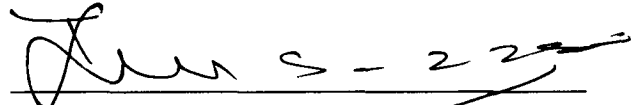
Himayat Ullah Khan
(Member)

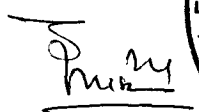


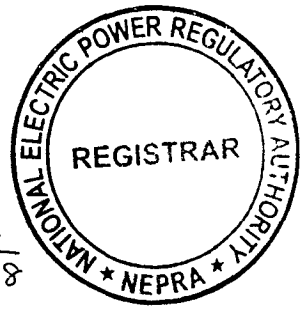
Saif Ullah Chattha
(Member/Vice Chairman)




Tariq Saddozai
(Chairman)




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

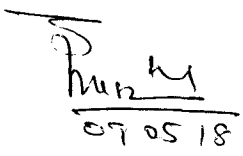
GENERATION LICENCE

No. 003/SGC/2001

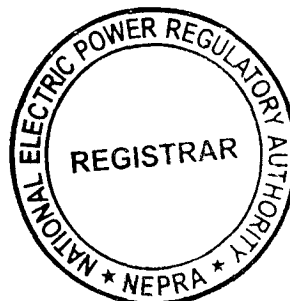
In exercise of the powers conferred under Section-26 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, (XL of 1997), the Authority hereby modifies the Generation Licence granted to **ICI Pakistan PowerGen Limited** (issued on August 27, 2001, and modified on August 15, 2008 and September 14, 2015) to the extent of changes mentioned as here under:-

- (i). The **expiry date** of the generation licence may be read as **September 13, 2030** instead of **August 26, 2016**;
- (ii). Changes in **Articles** of the generation licence attached as **Revised/Modified Articles**;
- (iii). Changes in **Schedule-I** attached as **Revised/Modified Schedule-I**;
- (iv). Changes in **Schedule-II** attached as **Revised/Modified Schedule-II**; and
- (v). Changes in **Second Tier Supply Authorization** attached as **Revised/Modified Second Tier Supply Authorization**.

This **Modification-III** is given under my hand on this 9th **day** of **May**
Two Thousand & Eighteen


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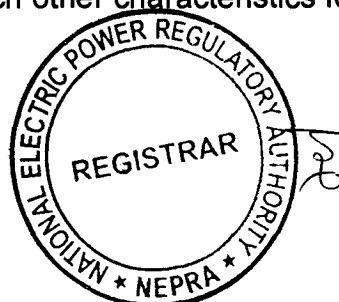
Registrar



Article-1
Definitions

1.1 In this Licence

- (a). "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended or replaced from time to time;
- (b). "Applicable Documents" mean the Act, the rules and regulations framed by the Authority under the Act, any documents or instruments issued or determinations made by the Authority under any of the foregoing or pursuant to the exercise of its powers under the Act, the Grid Code, the applicable Distribution Code, if any, or the documents or instruments made by the Licensee pursuant to its generation licence, in each case of a binding nature applicable to the Licensee or, where applicable, to its affiliates and to which the Licensee or any of its affiliates may be subject;
- (c). "Applicable Law" means the Act, relevant rules and regulations made there under and all the Applicable Documents;
- (d). "Authority" means "the National Electric Power Regulatory Authority constituted under Section-3 of the Act";
- (e). "Bulk Power Consumer-BPC" means a consumer who purchases or receives electric power at one premises, in an amount of one megawatt or more or in such other amount and voltage level and with such other characteristics as the Authority may determine and the Authority may determine different amounts and voltage levels and such other characteristics for different areas;



- (f). "Bus Bar" means a system of conductors in the generation facility/Thermal Power Plant of the Licensee on which the electric power of all the generators is collected;
- (g). "Commercial Operations Date (COD)" means the day immediately following the date on which the generation facility of the Licensee is Commissioned;
- (h). "Generation Rules" mean the National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000 as amended or replaced from time to time;
- (i). "LESCO" means the Lahore Electric Supply Company Limited or its successor or permitted assign;
- (j). "Licensee" means ICI Pakistan PowerGen Limited and its successors or permitted assigns;
- (k). "Licensing Regulations" mean the National Electric Power Regulatory Authority Licensing (Application & Modification Procedure) Regulations, 1999 as amended or replaced from time to time;
- (l). "Power Purchase Agreement" means the Power Purchase Agreement, entered or to be entered into by and between the Power Purchaser and the Licensee, for the purchase of electric power/energy generated by the generation facility/power plant of the Licensee, as may be amended by the parties thereto from time to time;
- (m). "Power Purchaser" means a BPC which has entered or be entering into a Power Purchase Agreement with the Licensee, for the purchase of electric power/energy generated by the generation facility/Thermal Power Plant of the Licensee, as may be amended by the parties thereto from time to time;



(n). "Thermal Power Plant" means the generation facility using fossil fuel for generation of electric power;

1.2 Words and expressions used but not defined herein bear the meaning given thereto in the Act or Rules and Regulations issued under the Act.

Article-2
Applicability of Law

This Licence is issued subject to the provisions of the Law as amended or replaced from time to time.

Article-3
Generation Facilities

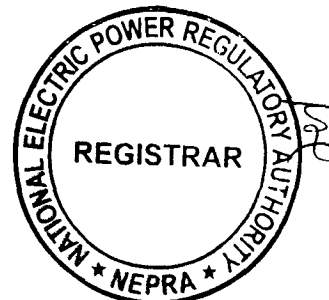
3.1 The location, size (capacity in MW), technology, interconnection arrangements, technical limits, technical and functional specifications and other details specific to the generation facility/Thermal Power Plant of the Licensee are set out in Schedule-I of this Licence.

3.2 The net capacity of the generation facility/Thermal Power Plant of the Licensee is set out in Schedule-II hereto.

Article-4
Term of Licence

4.1 This Licence is effective from the date of its original issuance and is valid upto fifteen (15) years from the date of issuance of modification-II dated September 14, 2015 (i.e. till September 13, 2030).

4.2 Unless suspended or revoked earlier, the Licensee may apply for renewal of the Licence within ninety (90) days prior to the expiry of the term of the Licence, as stipulated in the Licensing Regulations.



Article-5
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 the National Electric Power Regulatory Authority (Fees) Rules, 2002 as amended or replaced from time to time.

Article-6
Tariff

The Licensee is allowed to charge the Power Purchaser(s) such tariff which has been agreed between the Licensee and the Power Purchaser(s), pursuant to the Power Purchase Agreement(s).

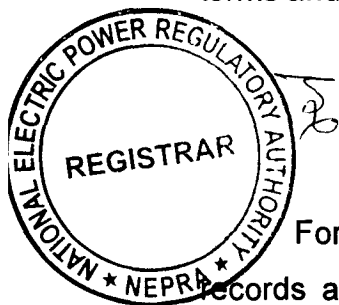
Article-7
Competitive Trading Arrangement

7.1 The Licensee shall participate in such manner as may be directed by the Authority from time to time for development of a Competitive Trading Arrangement. The Licensee shall in good faith, work towards implementation and operation of the aforesaid Competitive Trading Arrangement in the manner and time period specified by the Authority. Provided that any such participation shall be subject to any contract entered into between the Licensee and another party with the approval of the Authority.

7.2 Any variation or modification in the above-mentioned contracts for allowing the parties thereto to participate wholly or partially in the Competitive Trading Arrangement shall be subject to mutual agreement of the parties thereto and such terms and conditions as may be approved by the Authority.

Article-8
Maintenance of Records

For the purpose of sub-rule (1) of Rule-19 of the Generation Rules, copies of records and data shall be retained in standard and electronic form and all such



records and data shall, subject to just claims of confidentiality, be accessible by authorized officers of the Authority.

Article-9
Compliance with Performance Standards

The Licensee shall comply with the relevant provisions of the National Electric Power Regulatory Authority Performance Standards (Generation) Rules 2009 as amended from time to time.

Article-10
Compliance with Environmental & Safety Standards

10.1 The Licensee shall, at all times, comply with the environmental and safety standards as may be prescribed by the relevant competent authority as amended from time to time.

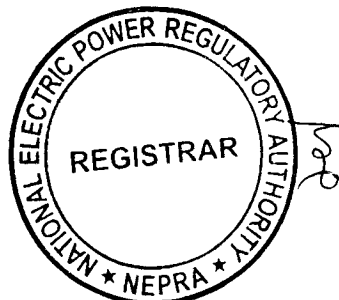
10.2 The Licensee shall provide a certificate on a bi-annual basis, confirming that the operation of its generation facility/Thermal Power Plant is in line with environmental standards as prescribed by the relevant competent authority.

Article-11
Power off take Point and Voltage

The Licensee shall deliver power to the Power Purchaser at the outgoing bus bar of its grid station. The up-gradation (step up) of generation voltage up to the required interconnection voltage level will be the responsibility of the Licensee.

Article-12
Provision of Information


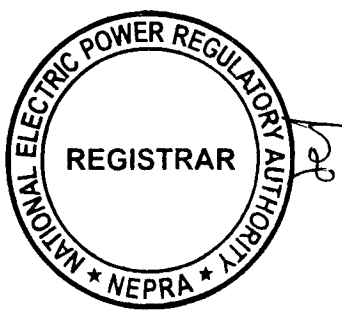
In accordance with provisions of Section-44 of the Act, the Licensee shall be obligated to provide the required information in any form as desired by the Authority without any exception.



Article-13
Generating Capacity Reserve Requirements



The Licensee shall comply with the minimum and maximum capacity requirements as stipulated and agreed in the Power Purchase Agreement signed between the Licensee and the Power Purchaser(s).

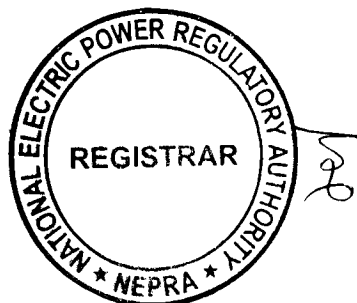
Modified Article-13

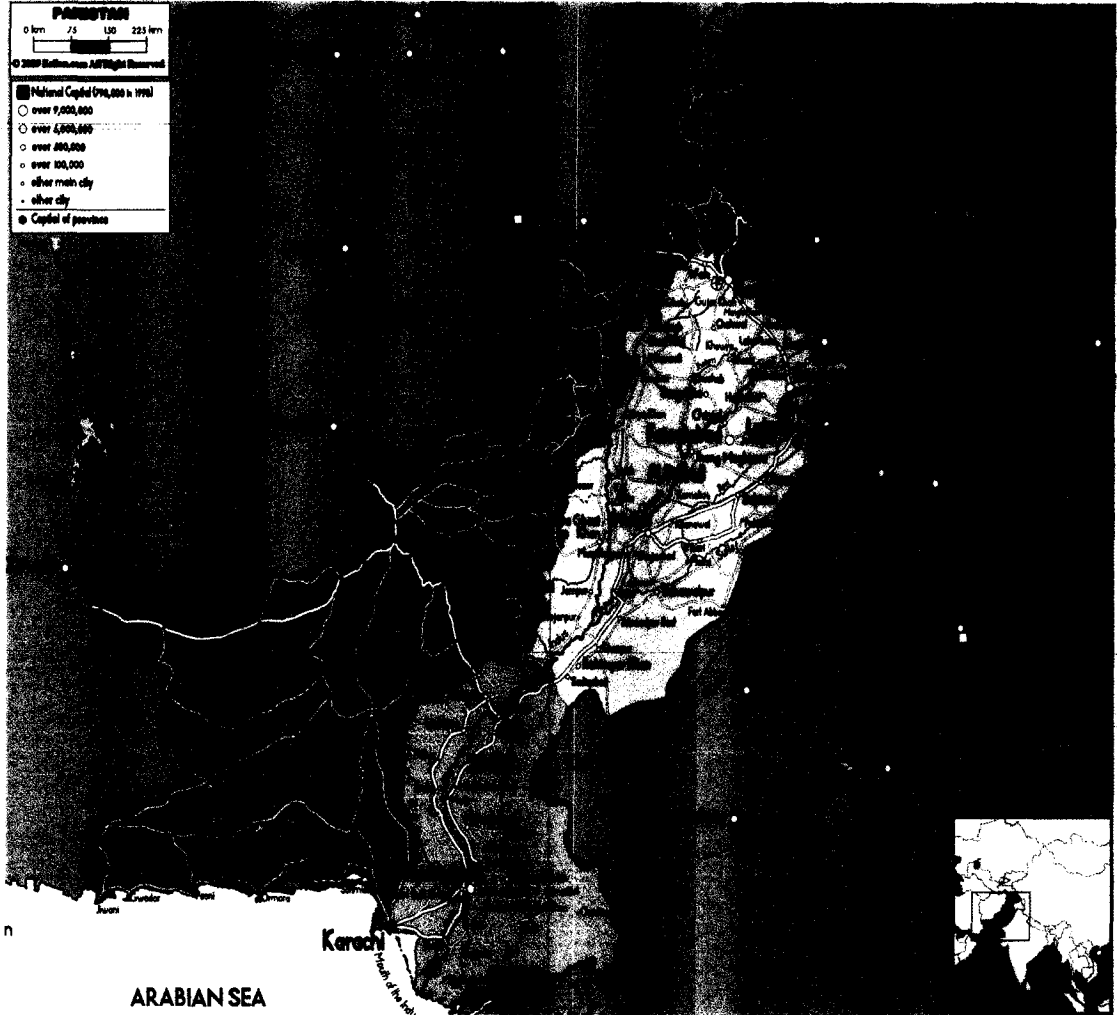
SCHEDULE-I
(Revised/Modified)
Modification-III

The Location, Size (i.e. Capacity in MW), Type of Technology, Interconnection Arrangements, Technical Limits, Technical/Functional Specifications and other details specific to the Generation Facilities of the Licensee are described in this Schedule.

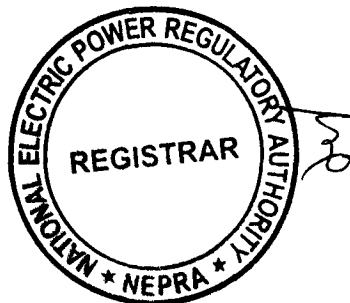





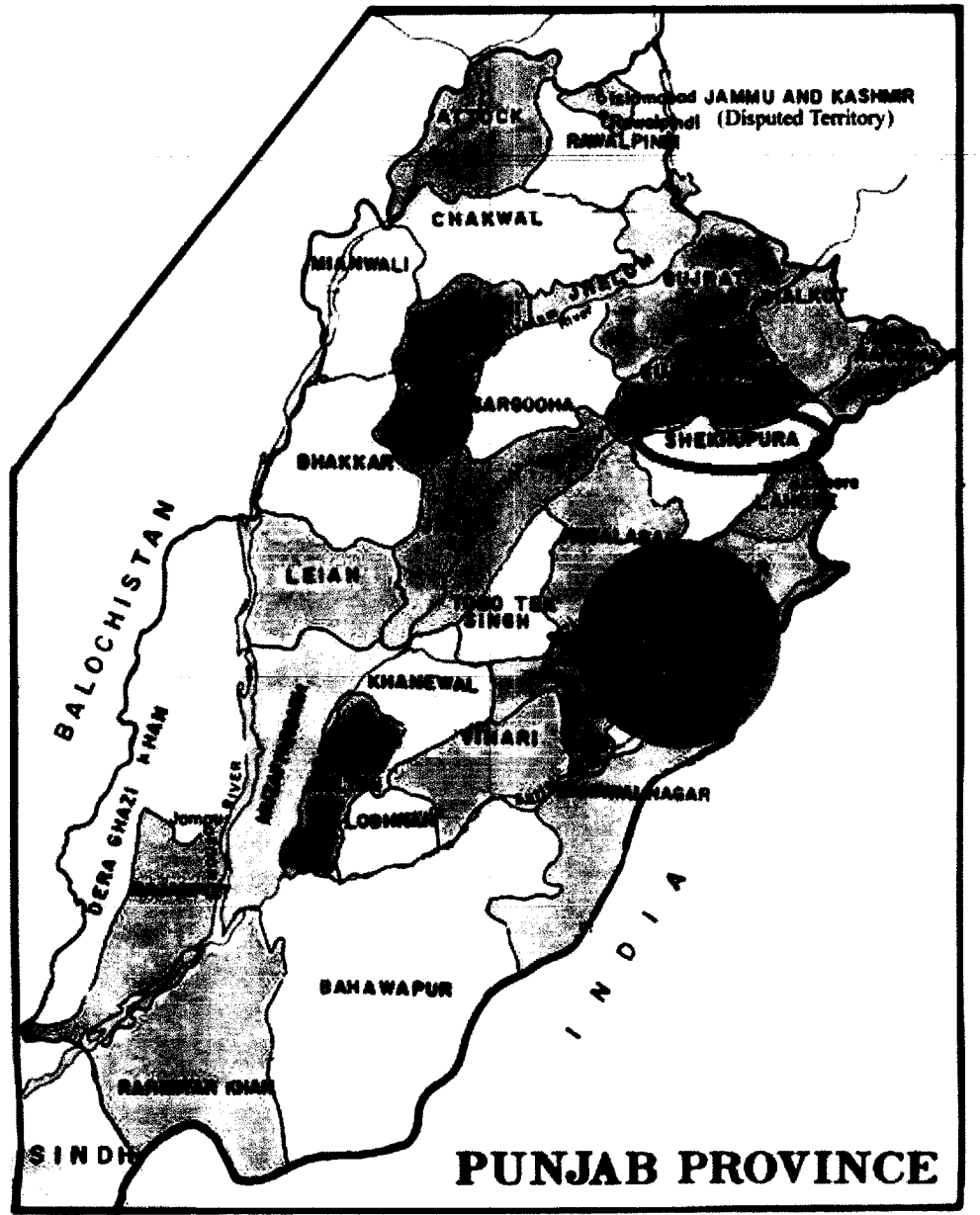
Location of Generation Facility of the Licensee/ICI
Pakistan PowerGen Limited (ICIPPGL)



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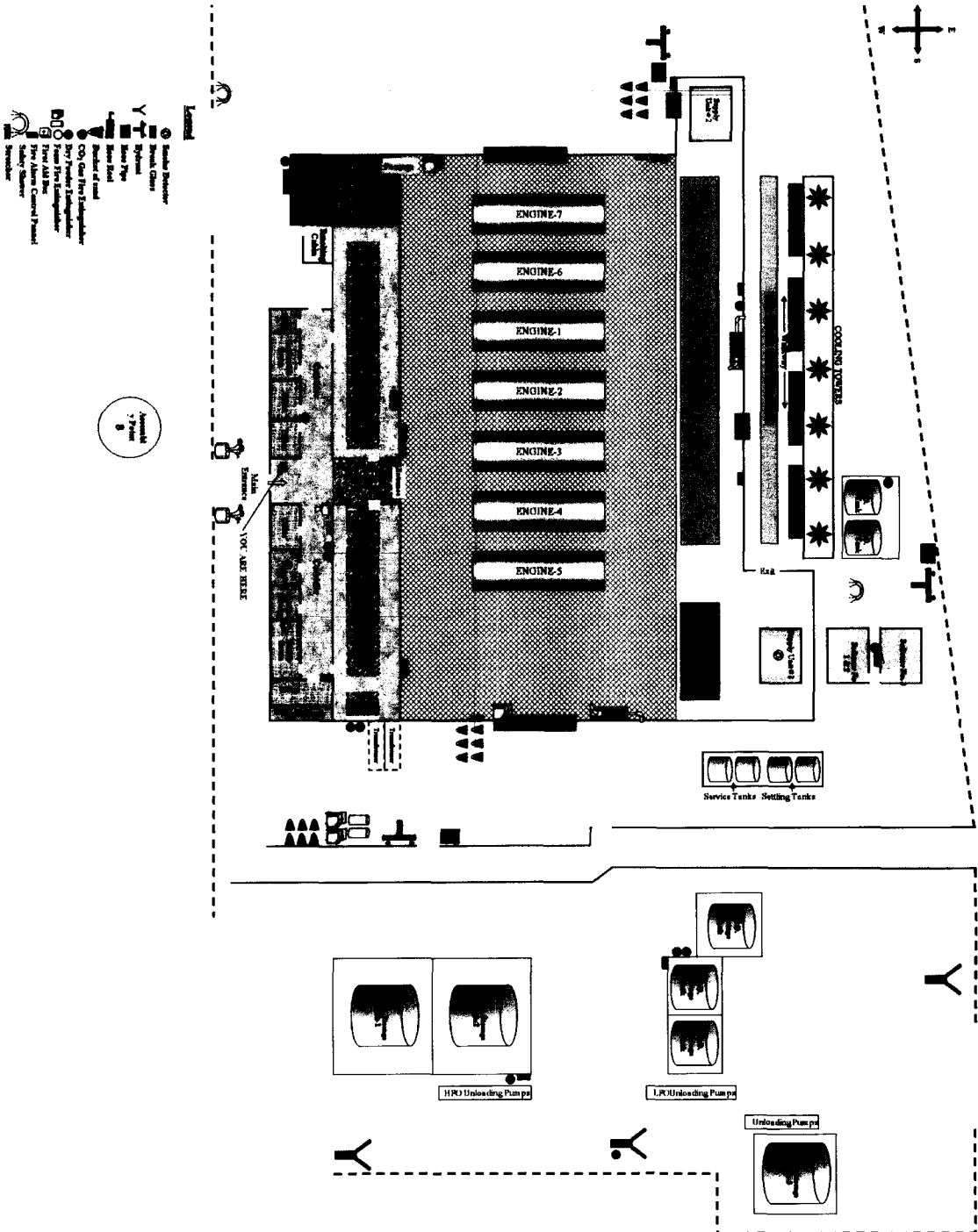
Location of Generation Facility of the Licensee/ICIPGL



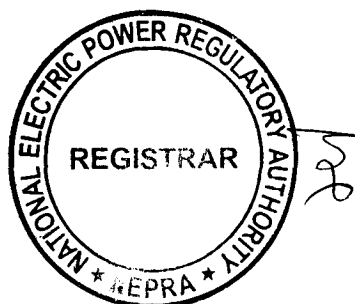
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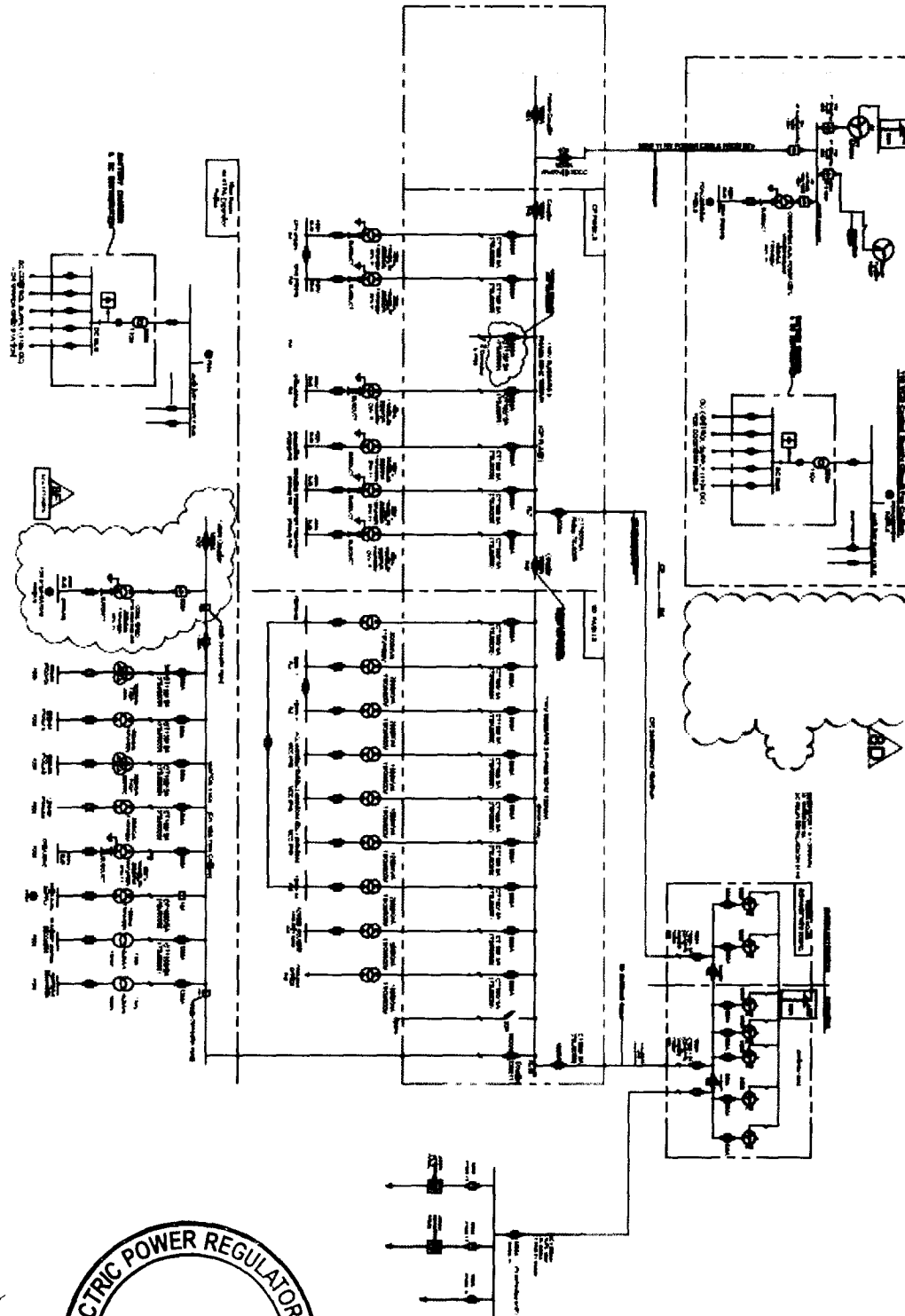
Layout of Generation Facility of the Licensee/ICIPPGL



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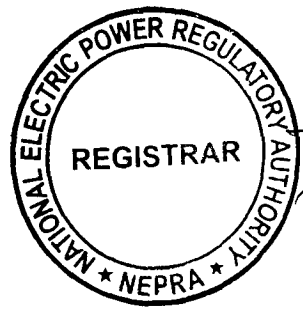


**Single Line Diagram (Electrical) of Generation Facility of
the Licensee/ICIPPGL**

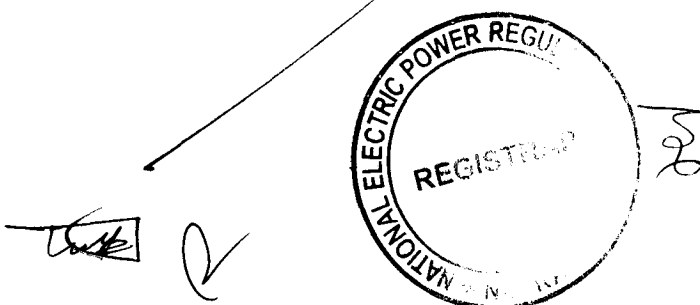
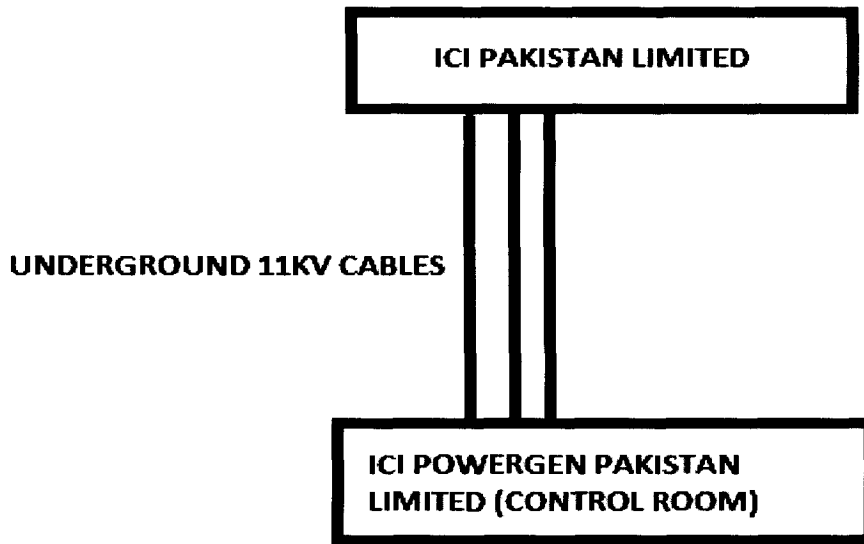


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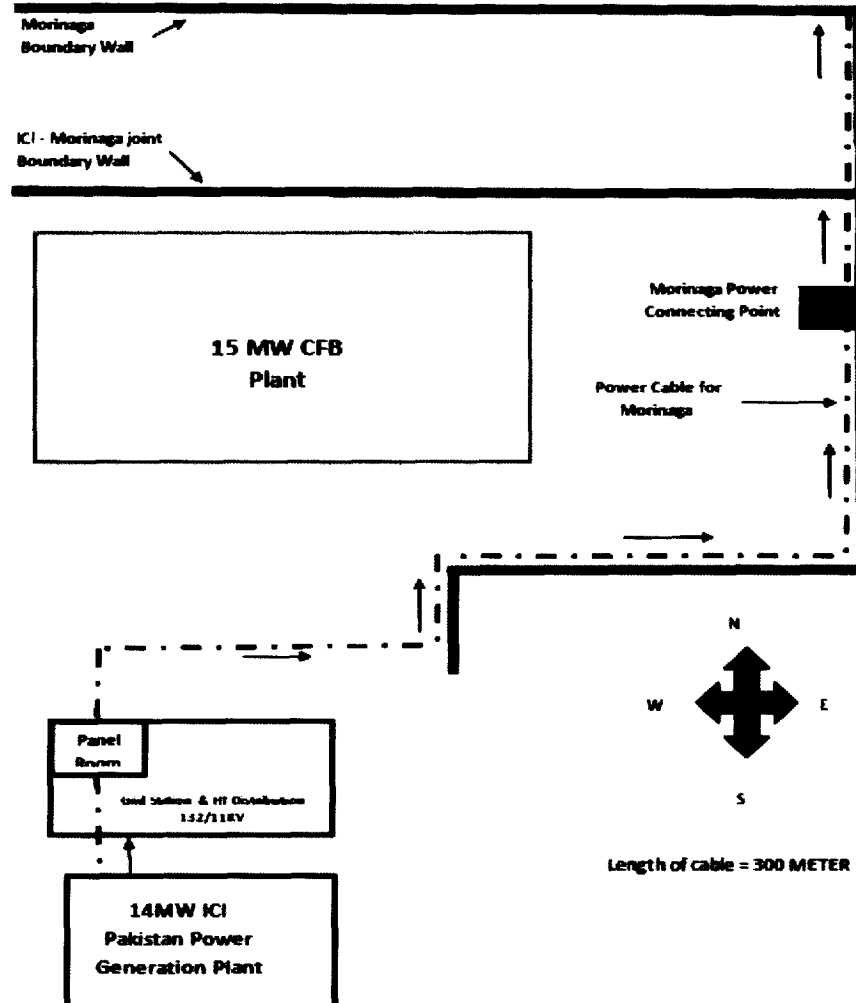
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Layout of the Distribution System for Supplying Power
the BPC (i.e. ICI Pakistan Limited) by the
Licensee/ICIPPGL



**Layout of the Distribution System for Supplying Power
the BPC (i.e. Nutrico Morinaga (Pvt.) Limited by the
Licensee/ICIPPGL**



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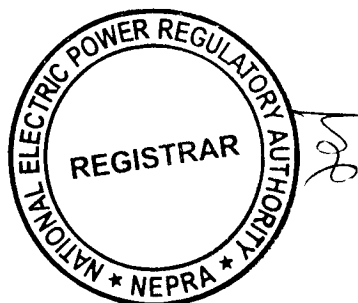


Interconnection/Transmission
Scheme for dispersal of power from the Licensee/
ICIPPGL to the BPCs

The power generated by the Licensee/ICIPPGL from its thermal power generation facility, shall be dispersed to the BPCs. The detail pertaining to the BPCs and distribution system is explained in this Schedule.

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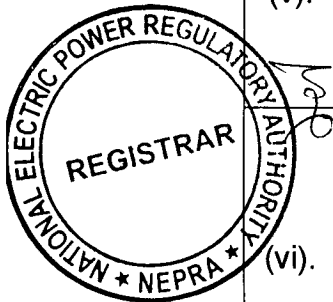
**Details of the
Generation Facility/Power Plant
the Licensee/ ICI Pakistan PowerGen Limited**

(A). General Information

(i).	Name of Company/ Licensee	ICI Pakistan PowerGen Limited-ICIPPGL
(ii).	Registered /Business Office	ICI House, 5 West Wharf, Karachi-74000.
(iii).	Location of Generation Facility/Power Plant	30-KM, Lahore-Sheikhupura Road, Sheikhupura in the Province of Punjab

(B). Plant Configuration

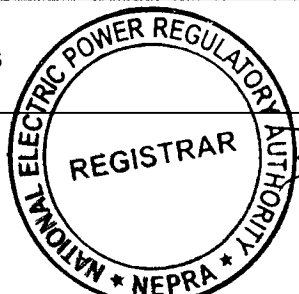
(i).	Installed Capacity of the Generation Facility/Power Plant	14.00 MW		
(ii).	Type of Technology	Diesel Engine (DE)		
(iii).	Units/Size/Make & Model	Unit No.	Unit No. 1-5	Unit No. 6-7
		Capacity (MW)	2.00 MW	2.00 MW
		Make/Model	Daihatsu, 8DL-32	Daihatsu, 8DL-32
(iv).	Commercial Operation Date- COD (of each Unit)	Unit No.	Unit No. 1-5	Unit No. 6-7
		COD	July 1993	August 1996
(v).	Expected Useful Life of each Unit of the Generation Facility/Power Plant from COD	Unit No.	Expected Useful Life from COD	
		Unit No. 1-5	21	
		Unit No. 6-7	21	
(vi).	Remaining Useful Life of each Unit of the Generation Facility/Power Plant at the time of grant of Generation Licence dated August 27, 2001.	Unit No.	Expected Useful Life from grant of Generation Licence	
		Unit No. 1-5	13	
		Unit No. 6-7	16	



(vii).	Remaining Useful Life of each Unit of the Generation Facility/Power Plant at the time of issuance of Modification-I dated August 15, 2008	Unit No.	Remaining Useful Life at the time of issuance of Modification-I
		Unit No. 1-5	06
		Unit No. 6-7	11
(viii)	Remaining Useful Life of each Unit of the Generation Facility/Power Plant at the time of issuance of this Modification-II dated September 14, 2015	Unit No.	Remaining Useful Life
		Unit No. 1-5	10 Years (Unit 1 ~ 5 have been overhauled extensively from 2013 ~ 15)
		Unit No. 6-7	15 Years (Unit 6 ~ 7 have been overhauled extensively from 2013 ~ 15)
(ix).	Remaining Useful Life of each Unit of the Generation Facility/Power Plant at the time of issuance of this Modification dated May __, 2018	Unit No.	Remaining Useful Life
		Unit No. 1-5	07 Years
		Unit No. 6-7	12 Years

(C). Fuel Details

(i).	Primary Fuel	Heavy Furnace Oil (HFO)
(ii).	Alternative Fuel	HFO
(iii).	Fuel Source for each of the above (i.e. Imported/Indigenous)	Imported/Indigenous
(iv).	Fuel Supplier for each of the above	PSO/Shell/Caltex/Total/Any other OMC
(v).	Fuel Supply Arrangement	Road/Tankers
(vi).	No of Storage Tanks	02
(vii).	Storage Capacity of each Tank	650 Tons



(viii).	Gross Storage	1300 Tons
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(D). Emission Values

		HFO
(i).	SO _x	120 p.p.m
(ii).	NO _x	500 p.p.m
(iii).	CO ₂	4.10%
(iv).	PM ₁₀	-

(E). Cooling System

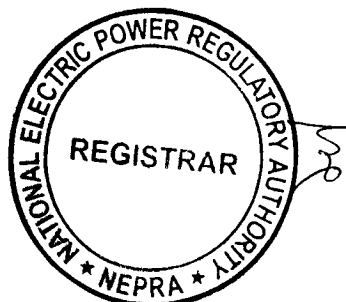
(i).	Cooling Water Source/Cycle	Tube Well
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Plant Characteristics

		Diesel Engines (Unit. No. 1-7)
(i).	Generation Voltage	11KV
(ii).	Frequency	50Hz
(iii).	Power Factor	0.85 Lagging
(iv).	Automatic Generation Control (AGC)	Yes
(v).	Ramping Rate	3.0 % per Second
(vi).	Time required to Synchronize to Grid and loading the complex to full load.	N/A

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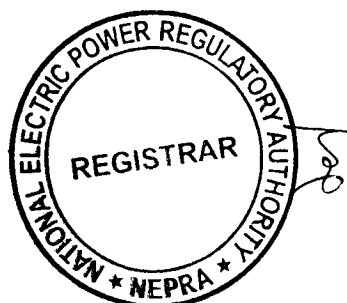


Information pertaining to the BPC (i.e. ICI Pakistan Limited)
of the Licensee/ICIPPGL

(i).	Location of the consumer (distance and/or identity of premises)	30-KM, Lahore-Sheikhupura Road, Sheikhupura, in the Province of Punjab
(ii).	Contracted Capacity and Load Factor of Consumer	7.00 MW/Variable
(iii).	Specify Whether	
	(a). The consumer is Associate undertaking of the ICIPPGL-If yes, specify percentage ownership of equity;	Yes, the consumer is Associate undertakings of the ICIPPGL with common Directorship. The percentage ownership of equity is 100%
	(b). There are common directorships	Yes
(iv).	(c). Either can exercise influence or control over the other.	Yes
	Specify Nature of Contractual Relationship.	
	(a). Between consumer and ICIPPGL.	Buyer and Seller (Firm supply of electricity to the consumer on continuous basis).
(b). Consumer and host DISCO.	Yes. Consumer has B-4 connection of LESCO (with sanctioned load of 7.00 MW)	
(v).	Any Other Network Information deemed Relevant to disclosure to or consideration by NEPRA.	N/A

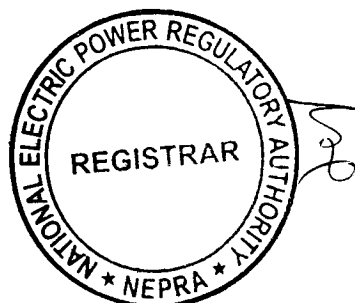
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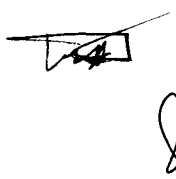
**Information Regarding Distribution Network for Supply of
Power to the BPC (i.e. ICI Pakistan Limited) of the
Licensee/ICIPPGL**

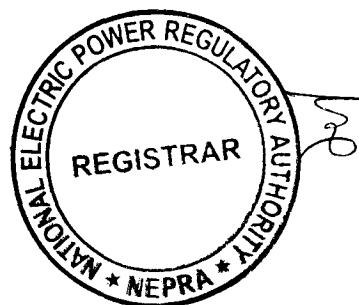
(i).	No. of Feeder(s)	Three (03) underground Feeder(s)		
(ii).	Length of Each Feeder	F-1	F-2	F-3
		200M,	200M	50M
(iii).	In respect of all the Feeders, describe the property (streets, farms, Agriculture land etc.) through under or over which they pass right up to the premises of customers, whether they cross over or pass near the DISCO's lines.	Owned ICIPPGL, No, the Feeder(s) do not cross any LESCO lines.		
(iv).	Whether owned by ICIPPGL, Consumer or DISCO (deal with each Feeder Separately)			
	(a).	If owned by DISCO, please furnish particulars of contractual arrangement.	Owned by ICIPPGL	
	(b).	Operation and Maintenance responsibility for each Feeder.	Operation and Maintenance of Feeder is the responsibility of ICIPPGL.	
(v).	Whether connection with network of DISCO exists (whether active or not), if yes, provide details of connection arrangements (both technical and contractual).	Yes, LESCO connection (with sanctioned load 7.00 MW) is kept as backup system only.		
(vi).	Any other network information deemed relevant for disclosure to or consideration by NEPRA	N/A		



Information Pertaining to the BPC (i.e. Nutrico Morinaga (Pvt.) Limited) of the Licensee/ICIPPGL

(i).	Location of the consumers (distance and/or identity of premises)	30 KM, Lahore-Sheikhupura Road, Sheikhupura. (i.e. Adjacent to the Generation Facility of the ICIPPGL)
(ii).	Contracted Capacity and Load Factor of Consumer	5.00 MW/ Variable
(iii).	Specify Whether	
	(a). The BPC is an associate undertaking of the ICIPPGL-If yes, specify percentage ownership of equity;	Yes, the consumer is Associate undertakings of the ICIPPGL with common Directorship
	(b). There are common directorships	Yes
(c). Either can exercise influence or control over the other.	Yes	
(iv).	Specify nature of contractual relationship.	
	(a). Between consumer and ICIPPGL.	Buyer and Seller (Firm supply of electricity to the consumer will be supplied on continuous basis).
(b).	Consumer and host DISCO.	N/A
(v).	Any other network Information deemed relevant to disclosure to or consideration by NEPRA.	N/A



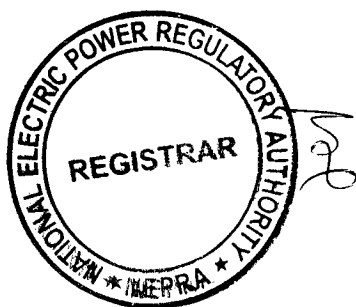


Information Regarding Distribution Network for Supply of Power to the BPC (i.e. Nutrico Morinaga (Pvt.) Limited) of the Licensee/ICIPPGL

(i).	No. of Feeder(s)	One (01) Overhead Feeder
(ii).	Length of Each Feeder	Owned ICIPPGL, No, the Feeder(s) do not cross any LESCO lines.
(iii).	In respect of all the Feeders, describe the property (streets, farms, Agriculture land etc.) through under or over which they pass right up to the premises of customers, whether they cross over or pass near the DISCO's lines.	Owned by ICIPPGL
(iv).	Whether owned by ICIPPGL, Consumer or DISCO (deal with each Feeder Separately)	
	(a). Operation and Maintenance of Feeder is the responsibility of ICIPPGL.	Owned by ICIPPGL
	(b). Yes, LESCO connection (with sanctioned load 7.00 MW) is kept as backup system only.	Operation and Maintenance of Feeder is the responsibility of ICIPPGL.
(v).	Whether connection with network of DISCO exists (whether active or not), if yes, provide details of connection arrangements (both technical and contractual)	N/A
(vi).	Any other network information deemed relevant for disclosure to or consideration by NEPRA	N/A

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R



SCHEDULE-II
Revised/Modification to
Modification-III

The Installed Capacity/ISO Capacity (MW), De-Rated Capacity at Mean Site Conditions (MW), Auxiliary Consumption (MW) and the Net Capacity at Mean Site Conditions (MW) of Generation Facilities of Licensee is given in this Schedule.

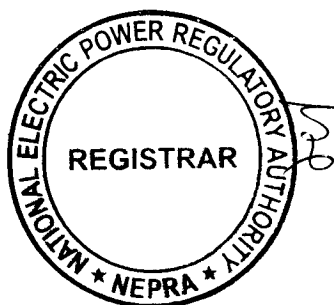


SCHEDULE-II

(1).	Total Installed Capacity of the Generation Facility/Power Plant (Gross ISO)	14.00 MW
(2).	De-rated Capacity of the Generation Facility/Power Plant (at Mean Site Conditions)	12.60 MW
(3).	Auxiliary Consumption of the Generation Facility/Power Plant	0.35 MW
(4).	Net Capacity of the Generation Facility/Power Plant (at Mean Site Conditions)	12.25 MW

NOTE

All the above figures are indicative as provided by the Licensee. The Net energy available to Power Purchaser(s) for dispatch will be determined through procedures contained in the Bi-lateral Power Purchase Agreement.



Amended Authorization
by National Electric Power Regulatory Authority (NEPRA) to
ICI Pakistan PowerGen Limited (ICIPPGL)


Incorporated under the Companies Ordinance, 1984
Under Certificate of Incorporation

No. K-003286 of 1991-92, Dated December 15, 1991

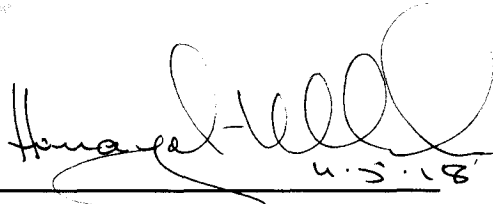
NEPRA GENERATION LICNCE No. 003/SGC /2001
For
Sale to Bulk Power Consumer(s)

Pursuant to Section-21 & 22 of the NEPRA Act and Rule-7 of the NEPRA Licensing (Generation) Rules, 2000, the Authority hereby authorizes ICIPPGL (the Licensee) to engage in second-tier supply business, limited to the following consumer(s) also mentioned in Schedules-I of the Generation Licence No. 003/SGC/2001.

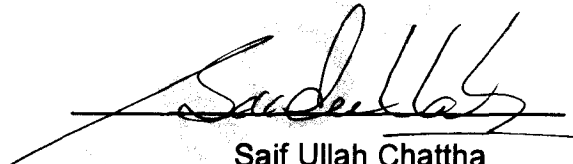
- (i). ICI Pakistan Limited; and
(ii). Nutrico Morinaga (Pvt.) Limited.



Rehmatullah
(Member)



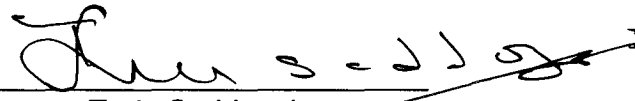
Himayat Ullah Khan
(Member)



Saif Ullah Chattha
(Member) 4.5.2018



Syed Masood-Ul-Hassan Naqvi
(Member/Vice Chairman)



Tariq Saddozai
(Chairman)

