



2002-04-04

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

Registrar

2nd Floor, OPF Building, G-5/2, Islamabad.
Ph : 9207200 Ext : 330 — Fax : 9210215
E-mail : office@nepra.isb.sdnpk.org
Direct Phone : (051) 9206500

No. RI 10-1-03.018/2901

April 04, 2002

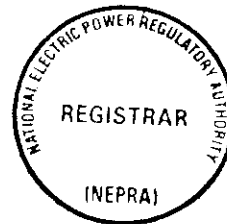
Mr. Nisar Ahmad Sheikh,
Director
M/s. Ideal Energy Ltd.
1088/2 Jail Road,
Faisalabad
Tele: 041 - 634902, 644190
Fax : 041 - 619558, 624877

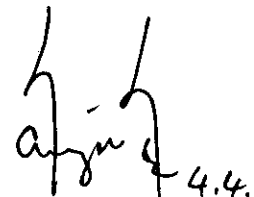
Subject: **Grant of Generation Licence SGC/015/2002**
Licence Application No. RI 10-1-03.018
M/s. Ideal Energy Ltd.

Please refer to your application No. nil, dated 25.05.2000 to NEPRA for a Generation Licence.

2. Enclosed here is Generation Licence No. SGC/015/2002 granted by the Authority to M/s. Ideal Energy Ltd. The Licence is granted to you pursuant to Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
3. Also enclosed here is the 'Authorization' pursuant to Section 22 of the Act and Rule 7 of NEPRA Licensing (Generation) Rules - 2000 for sale to bulk power consumers.
4. Please quote above mentioned Generation Licence No. in your future correspondence with the Authority.

DA/As above.




(Mahjoob Ahmad Mirza) 4.4.02

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

NATIONAL ELECTRICITY POWR REGULATORY AUTHORITY


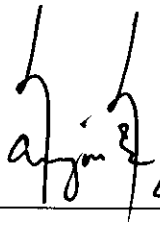
GENERATION LICENCE NO. SGC/ 015 /2002

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

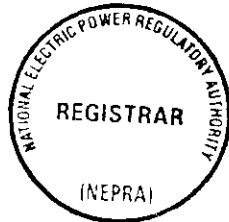
Ideal Energy Limited incorporated under the
Companies Ordinance, 1984
under Certificate of Incorporation No. K-05189 of 93-94 dated 20th February, 94

to engage in the generation business for delivery and sale to the consumers mentioned in schedule I subject to and in accordance with the terms and conditions of this Licence

Issued under my hand at Islamabad this 4th day of April Two thousand and two.



4.4.2002

Signed



Date: 04.04.2002

Article 1
Application of Rules

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

Article 2
Definitions

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

Article 3
Grant of Licence

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

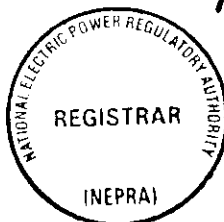
Article 4
Licence Fee

After the grant of the generation licence, the licensee shall pay to the Authority the Licence fee, in the amount and manner and at the time set out in Schedule III of this Licence.

Article 5
Term and Renewal of Licence

This Licence is granted for a term of fifteen (15) years.

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**Article 6
Tariff**

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

**Article 7
Distribution Facilities of licensee.**

The licensee may hand over ownership and control of its distribution facilities to the DISCO in whose service territory the licensee is operating on terms and conditions as approved by NEPRA; in the event, it wishes to retain ownership and control of its distribution facilities, it shall apply for a distribution licence within one month from the grant of this generation licence, in accordance with the relevant NEPRA rules.

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

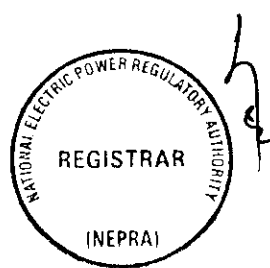

Rule 10 of the Rules shall apply only to those SPPs whose generation facilities are connected directly or indirectly at voltage of 132 kV or above.

**Article 9
Generating Capacity Reserve Requirements**

The installed generating capacity of the licensee shall not fall below 85% (95% in the case of a single consumer on a distribution feeder) of the connected load and generating capacity of the largest installed unit at the time of application for generation licence.

**Article 10
Compliance with Performance Standards**

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



Article 11
Compliance with Environmental Standards

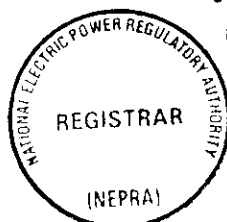
The licensee shall conform to the environmental standards as may be prescribed by the relevant competent authority.

Article 12
Maintenance of Record

- 12.1 The licensee shall keep complete and accurate record and data in respect of all aspects of the generation business and the second-tier supply business, in their original as well as in electronic form.
- 12.2 Without prejudice to the provisions of Rule 15(3) of the Rules, unless provided otherwise under the law or the applicable documents, all record and data shall be maintained for a period of five (5) years after the creation of such record or data. The licensee shall not destroy or dispose off any such record or data after the aforesaid period without thirty days prior written notice to the Authority. The licensee shall also not dispose off or destroy any record or data which the Authority directs the licensee to preserve.
- 12.3 All record and data maintained in an electronic form shall, subject to just claims of confidentiality, be accessible to the staff authorized by the Authority.

Article 13
Provision of Information

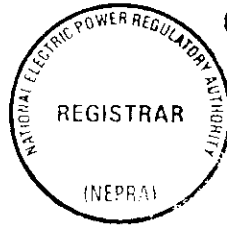
- 13.1 The obligation of the licensee to provide information to the Authority shall be in accordance with Section 44 of the Act .
- 13.2 The licensee shall be subject to such penalties as may be specified in the relevant rules made by the Authority for failure to furnish such information as may be required from time to time by the Authority and which is or ought to be or have been in the control or possession of the licensee.



SCHEDULE - I

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

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PLANT DETAILS

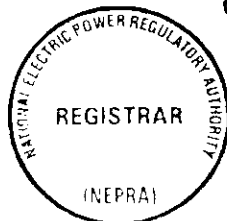
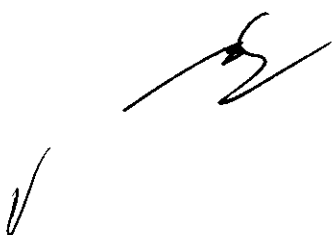
- | | | |
|----|-------------------|---|
| 1. | Name of Applicant | Ideal Energy Limited |
| 2. | Registered Office | 1088/2 Jail Road, Faisalabad, Pakistan |
| 3. | Plant Location | 35-Km, Sheikhpura Road, Faisalabad, Pakistan. |
| 4. | Type of Facility | Thermal Generation |

Plant Configuration

- | | | |
|-----|--|---|
| 5.a | Plant size | 11.82 MW |
| 5.b | Type of Technology | Diesel Electric |
| 5.c | Number of Units | Three |
| 5.d | Unit Size | 3.94 MW |
| 5.e | Unit Make and Model, Date of Manufacture | Nigata 12V32CLX
Unit 1-2 in 1994, Unit 3 in 1995 |
| 5.f | Date of Commissioning | Unit 1-3 in 1995 |

Fuel Use

- | | | |
|-----|-----------------------------|---------------------------------|
| 6.a | Fuel Type | HFO |
| 6.b | Fuel (Imported/indigenous) | Both, depending on availability |
| 6.c | Fuel Supplier | Shell |
| 6.d | Supply Agreement | Road /Tankers |
| 6.e | No. of Tanks | Two |
| 6.f | Storage Capacity/Tank | 2000 Tons/Tank |
| 6.g | Gross Storage | 4000 Tons |



Emission Values

7.a	So2	3.97 Tonnes/Day
7.b	Nox	Not Available
7.c	CO2	Not Available
7.d	Particulate	Not Available
8.	Cooling Water Source	Tube Well
9.	Total Installed Capacity	11.82 MW
10.	Total Derated Capacity	11.82 MW
11.	Expected Remaining Life of the Facility	Twenty-Five Years
12.	Operational Record	Given in Section 16 of the Licence Application

Project Cost

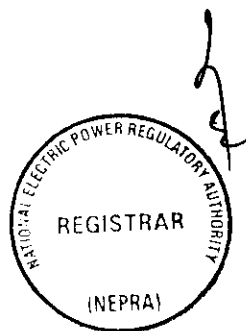
(Rs. in Thousand)

13.a	Equity	157,890.00
13.b	Debt	175,077.00
13.c	Total project Cost	332,967.00

Ancillary Services

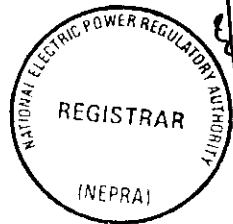
14.a	Energy Imbalance Services	10%
14.b	Spinning Reserve Services	15%

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Plant Characteristics

15.a	Generation Voltage (Volts)	11000 V
15.b	Frequency	50 Hz
15.c	Power Factor	0.80 lagging
15.d	Automatic Generation Control	Provided
15.e	Ramping Rate	0.32 % Per second
15.f	Alternate Fuel	Diesel Oil
15.g	Auxiliary Consumption (1999)	2,881,896 kWh
15.h	Time Required to Synchronize with the Grid	Not Applicable since unit is not connected to LESCO Grid.


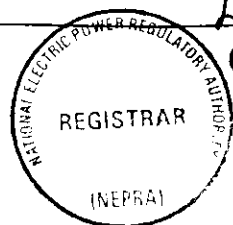


IDEAL ENERGY LTD

SPP LICENSES-PERFORMA FOR INFORMATION REGARDING DISTRIBUTION ISSUES

PART A

Network Facts*		
A.	No of Feeders	4
B.	Length of Each Feeder	FP1 400 M FP2 400 M FP3 700 M FP4 1196 M
C.	Length of Each Feeder to Each Consumer	FP1 400 M FP2 400 M FP3 700 M FP4 1196 M
D.	In respect of all the feeders Describe the property (street, farms, agri land, etc) through , under or over which they pass right up to the consumer's premises, whether they cross-over or pass near the DISCO lines	<u>FP1 , FP2, FP3</u> (IDEAL SPINNING ARSHAD TEXTILE ISHAQ TEXTILE MILL ARSHAD CORPORATION) IN ONE COMPOUND <u>FP4 (KHURSHID SPINNING)</u> Consumer Owned Property Other Privately Owned Property Road Crossing, FESCO Line crossing Drain Crossing.
E.	whether owned by SPP consumer or DISCO (deal with each Feeder Separately) - If owned by DISCO, Please furnish Particular of contractual Agreement - Operation and maintenance Responsibility for each Feeder	Owned by IEL N.A. IEL
F.	Whether connection with DISCO's Network exists (Whether active or Not) if yes, provide details of Connection arrangements and Contractual)	N.A
Any other network information deemed relevant for disclosure to or consideration by NEPRA		

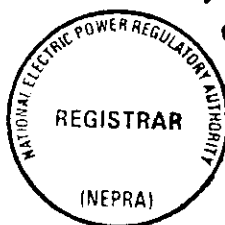



SPP LICENSES-PERFORMA FOR INFORMATION REGARDING DISTRIBUTION ISSUES

PART B

Consumption Facts	
A. No. of Consumers	5
B. Location of Consumer (distance and/or identify of premises)	IDEAL SPINNING 35 K.M sheikhpura ARSHAD CORPORATION 35 K.M road Fsd ARSHAD TEXTILE 35 K.M " " ISHAQ TEXTILE 35 K.M " " KHURSHID SPINNING 34 K.M " "
C. Contracted Capacity and Load Factor for each consumer	IDEAL SPINNING MILLS LTD 1.8 MW ARSHAD CORPORATION (PVT) LTD 0.8 MW ARSHAD TEXTILE MILL LTD 1.7 MW ISHAQ TEXTILE MILL LTD 2.8 MW KHURSHID SPINNING MILLS 1.7 MW
D. specify whether i) the consumer is an associate under taking of the SPP* if yes, specify percentage ownership of equity; ii) there are common directorship; iii) either can exercise influence or control over the other	EQUALLY YES YES
E. Specify nature of contractual relationship I) Between each consumer the SPP; II) each consumer and host DISCO	<u>ATM ITM ISML ACL KSMI</u> Firm supply of electricity on continuous basis N.A
F. Capacity originally sanctioned by Provisional Government- If subsequently Enhanced, evidence of permission for Enhancement.	12 MW (no changed)
G. Tariff arrangement and particulars with WAPDA Provisional Government as defined in the Companies Ordinance, 1983	As per provincial Govt. approval & same as WAPDA

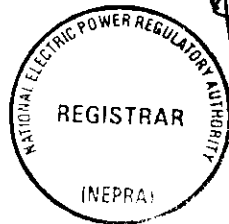
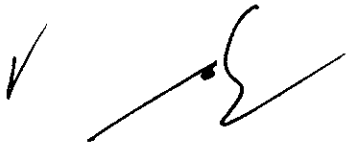
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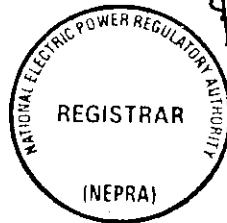
SCHEDULE - II

- The net capacity of the licensee's generation facilities



SCHEDULE II

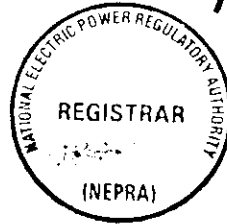
GROSS INSTALLED CAPACITY (MW)	(3x3.94)	=	11.82 MW
	(Total of Three units)		
DERATED CAPACITY (MW)		=	11.82 MW
AUXILIARY CONSUMPTION (MW)		=	0.415 MW
NET CAPACITY OF THE PLANT (MW)		=	11.405 MW



SCHEDULE - III

- LICENCE FEE (Annual)

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SCHEDULE-III

PART I

Licence Fees (Annual)

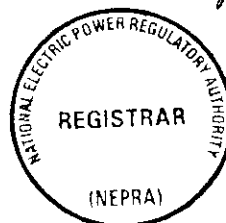
1. Generation Licence

Fee will be calculated at the rate of Rs.6200 per MW on the basis of gross (ISO) MW capacity of the licenced generation facility.

PART II

Terms of payment of fee by the Generation, Transmission and Distribution Licensees

- I) The fee for the generation licences specified in this schedule shall be paid on a recurring basis in respect of each financial year by the licensee for the term of the Licence (hereinafter referred to as the "annual licence fee")
- II) The annual licence fee in respect of any financial year shall be paid in advance within thirty days of the expiry of the preceding financial year, provided that, the annual licence fee for the first financial year shall be paid within thirty days of the date of grant of the Licence and shall be prorated for the number of months remaining before the expiry of the financial year in which the Licence is granted.
- III) In case of generation licences, the gross (ISO) MW capacity for which the generation licence is granted shall form the basis for the calculation of the annual licence fee.



PART III

Indexation of Fees

- I) Any and all fees payable pursuant to the relevant rules shall be indexed to the Consumer Price Index ("CPI") published from time to time by the Federal Bureau of Statistics.
- II) The indexation shall be done on the basis of the most recent CPI prevailing on the date of payment of the fees and shall be increased or decreased, as the case may be, in accordance with the following formula:

$$F_{pd} = F_t [CPI_{pd} / CPI_{rd}]$$

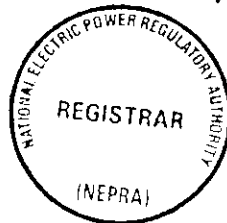
Where

F_{pd} = The actual fee payable on the date of payment

F_t = The respective fee set out in Part I of this schedule.

CPI_{pd} = The most recent CPI prevalent on the last day of the month immediately preceding the month in which the payment is due.

CPI_{rd} = The reference or base CPI, prevalent on the last day of the month in which these rules are notified in the official gazette.




Authorization by National Electric Power Regulatory Authority
To
M/s Ideal Energy Limited
incorporated under the Companies Ordinance, 1984
under Certificate of Incorporation No. K-05189 of 1993-94 dated 20th February, 1994


NEPRA GENERATION LICENCE NO.SGC/015/2002

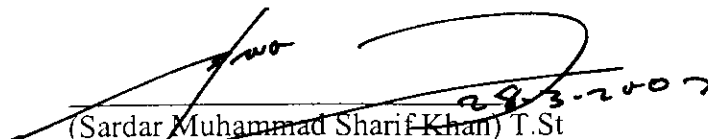
For
Sale to Bulk Power Consumers

Pursuant to Section 22 of the Act and Rule 7 of the NEPRA Licensing (Generation) Rules – 2000; the Authority hereby authorizes M/s Ideal Energy Limited (Licensee) to engage in second-tier supply business, limited to the following consumers also mentioned in Schedule I of Generation Licence No.SGC/ 015 /2002.


1. Ideal Spinning Mills Ltd (affiliated, within the compound of IEL),
35 KM Sheikhpura Road, Faisalabad.
2. Arshad Corporation (Pvt) Ltd (affiliated, within the compound of IEL),
35 KM Sheikhpura Road, Faisalabad
3. Arshad Textile Mills Ltd (affiliated, within the compound of IEL),
35 KM Sheikhpura Road, Faisalabad
4. Ishaq Textile Mill Ltd (affiliated, within the compound of IEL),
35 KM Sheikhpura Road, Faisalabad
5. Khurshid Spinning Mills Ltd (affiliated), 34 KM Sheikhpura Road, Faisalabad

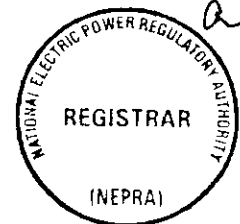

(Abdul Rahim Khan)
Member


(Mansoor Elahi)
Member


(Sardar Muhammad Sharif Khan) T.St
Member


(Fazlullah Qureshi)
Vice Chairman


(Justice ® Saad Saood Jan)
Chairman



**Term of the Licence
(Article 5 of the Licence)
Ideal Energy Limited**

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

Ideal Energy Limited, has shown in its application No. NIL dated 25th May, 2000 to NEPRA for a generation licence, remaining life of its facility as 25 years.

The Licensing Group considers that the Diesel Electric Generators normally have useful life of around 15-20 years. Since the plants of Ideal Energy Limited , were manufactured in 1994/1995 and commissioned in 1995, therefore the Group recommends that the Licence be issued to Ideal Energy Limited, by the Authority for fifteen (15) years from the date of grant of Licence by the Authority.

AUTHORITY DECISION

The Authority agrees with the Licensing Group recommendations about the term of Licence. The Licence is granted for a term of fifteen (15) years.

Authority

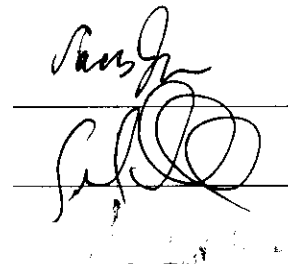
Justice ® Saad Saood Jan, Chairman

Mr. Fazlullah Qureshi, Vice Chairman

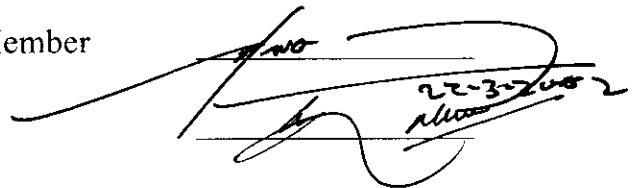
Mr. Mansoor Elahi, Member

Sardar Muhammad Sharif Khan T. St., Member

Mr. Abdul Rahim Khan, Member



Handwritten signatures of Justice Saad Saood Jan and Mr. Fazlullah Qureshi, each on a horizontal line.



Handwritten signature of Sardar Muhammad Sharif Khan T. St. with the date 22-3-2002 written below it, on a horizontal line.

**Term of the Licence
(Article 5 of the Licence)
Ideal Energy Limited**

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Authority


Justice ® Saad Saood Jan, Chairman

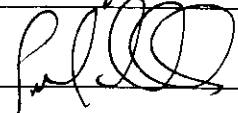
Mr. Fazlullah Qureshi, Vice Chairman


Mr. Mansoor Elahi, Member

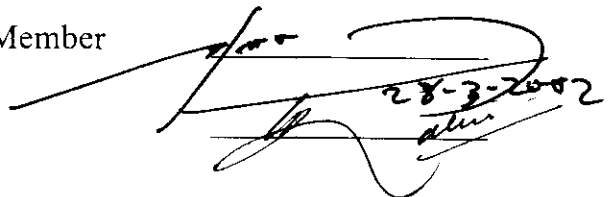
Sardar Muhammad Sharif Khan T. St., Member

Mr. Abdul Rahim Khan, Member








_____ 28-3-2002

BRIEF FOR THE AUTHORITY

Ideal Energy Limited

1. Type & Plant Location Diesel Electric
35-KM Sheikhpura Road, Faisalabad, Pakistan
2. Plant Capacity
No. of Units **Three**
Unit 1-2 Manufactured in **1994**
Unit 3 Manufactured in **1995**
All Three Units Commissioned in **1995**

Size of each unit **3.94 MW**

Total Installed Capacity **11.82 MW**
3. Emission Values Provided
4. Consumer Statistics **Five Consumers**

Contracted Load of Five Consumers **8.8 MW**

<u>Plant</u>	<u>Consumer Name</u>	<u>Length of Feeder</u>	<u>Feeder #</u>	<u>Load</u>
1.	Ideal Spinning Ltd (affiliated, within the compound of IEL)	400 Meter	1	1.80 MW
2	Arshad Corporation Pvt) Ltd (affiliated, within the compound of IEL)	400 Meter	4	0.80 MW
3	Arshad Textile Mills Ltd (affiliated, within the compound of IEL)	700 Meter	2	1.70 MW
4.	Ishaq Textile Mill Ltd (affiliated, within the compound of IEL)	700 Meter	3	2.80 MW
5.	Khurshid Spinning Mills Ltd (affiliated)	1196 Meter	4	1.70 MW
5. Capacity Requirements Meets the Criteria of Article 9 of the licence
6. Whether Distribution Licence required Distribution licence as well as Second-tier Authorization is required since the distribution network is owned by the Small Power Producer, and its feeder #4 runs along highway, crosses SAM NALLA and public highway. However, if the Ideal Energy Limited decides to hand over its distribution lines to its consumers, the distribution licence will not be required in the case of consumers connected through Feeder # 1 and 2.
7. Licence Period* Group recommends fifteen (15) years period.

* The units of Ideal Energy Limited were manufactured in 1994/1995 and the applicant has claimed an expected useful life of its units to be 25 years. Recognizing these facts, the remaining expected useful life of these units is around 18 years. Therefore, the Licensing Group recommends a licence period of 15 years.

(1).	Gross Installed Capacity	(3x3.94) Three Units	=	11.82 MW
(2).	Derated Capacity		=	11.82 MW
(3).	Gross Generation (1999)		=	82,060,410kWh
(4).	Auxiliary Consumption (1999)		=	2,881,896 kWh (0.415 MW)
(5).	Net Capacity		=	11.405 MW
(6).	(i) Total Consumer Contracted Load		=	8.80 MW
	(ii) Diversified Load	(6.30 x 0.95) + (2.50 x 0.85)	=	8.11 MW
	(Ref Article 9 of the Licence)	[95% for* one consumer]	[85% for more than one consumer]	
(7).	Least Possible Available Generation [(5)- Largest Unit]	[11.405 - 3.94]	=	7.465 MW
(8).	Capacity Reserve Short Fall [(7) - (6)ii]	[7.465 - 8.11]	=	0.645 MW
(9).	Consumer Back-up Generation Or DISCO Connection	Back-up generation of consumers. No DISCO connection	=	4.88 MW
(10)	Meets the Criteria Under Article 9 of Licence	Yes		

* This change has also been reflected in the Generation Licence (Article 9).