



FEL/NEPRA/1003/1663
March 09, 2015

Registrar
National Electric Power Regulatory Authority ("NEPRA")
NEPRA Tower, Attaturk Avenue (East)
Sector G-5/1, Islamabad

Subject: Fatima Energy Limited ("the Company") – Application for Modification of the Generation License

Dear Sir

Fatima Energy Limited ("the Company") was granted the Generation License No. SGC/96/2013 on 31 December 2013 (the "**Generation License**") by NEPRA, under Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("**NEPRA Act**"), for its Biomass/Coal based Thermal Co-Generation Facility located at Sanawan, Mehmood Kot, Tehsil Kot Addu, District Muzaffargarh in the province of Punjab (the "**Project**").

As per Generation License the Project is designed to have an installed capacity of 120MW (in aggregate). The power generated from the Project is intended to be dispersed to the Load Centre of MEPCO. Further, the power injected into the transmission system of MEPCO will be wheeled to four named Bulk Power Consumers identified in the "Interconnection / Transmission Scheme For Dispersal Of Power From Fatima Energy Limited" (the "**Scheme**") as produced in Schedule-I of the Generation License, authorisation for which is produced in Schedule-II (the "**Authorisation**"). It is kindly submitted that at this stage, the Scheme and Authorisation can be developed with an inherent flexibility to seamlessly change the same in order to disperse the surplus generation of the Project to National Transmission & Dispatch Company Limited ("**NTDC**"), K-Electric Limited (formerly Karachi Electric Supply Company Limited ("**K-Electric**") and other distribution licensees duly authorised by NEPRA, as further explained in detail in the enclosed Annexures.

Therefore, pursuant to Regulation 10(2) of the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 (the "**Regulations**"), I, Fazal Ahmed Sheikh, Chief Executive, being the duly authorized representative of the Company by virtue of Board Resolution dated March 9, 2015 hereby apply to NEPRA on behalf of the Company for modification of the Generation License, specifically the Scheme and the Authorisation as produced therein, to cater for the addition of NTDC, K-Electric and any other distribution licensees duly authorised by NEPRA as a power purchaser of the surplus power of the Project, amongst the already identified Bulk Power Consumers therein.

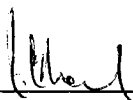
In relation hereto, I certify that the documents-in-support enclosed with this modification application are prepared and submitted in conformity with the provisions of the Regulations, and that the Company undertakes to abide by the terms and provisions of the Regulations. The Company further undertakes and confirms that the information provided in the enclosed documents-in-support is true and correct to the best of knowledge and belief.

A Pay Order in the sum of Rs. 6,77,360/- (Six Lacs Seventy Seven Thousand Three Hundred and Sixty Rupees), being the modification fee calculated in accordance with Schedule II to the Regulations (as amended), is also enclosed herewith.

In light of this application and its enclosures, you are kindly requested to proceed in accepting our application for the modification of the Generation License.

Kind regards

For and on behalf of
FATIMA ENERGY LIMITED



Fazal Ahmed Sheikh
CHIEF EXECUTIVE OFFICER

Enclosures:

1. Pay Order of Rs. 6,77,360/- (Six Lacs Seventy Seven Thousand Three Hundred and Sixty Rupees)
2. Extract Of Resolution Passed By The Board Of Directors Of Fatima Energy Limited dated March 9, 2015 (**Annex A**).
3. Affidavit dated March 10, 2015(**Annex B**).
4. Text of the Proposed Modification (**Annex C**).
5. Statement of reasons in support of the proposed modification (**Annex D**).
6. Statement of the impact on the Tariff, Quality of Services and the Performance by the Licensee of its obligations under the Generation License (**Annex E**).



EXTRACT OF RESOLUTION THROUGH CIRCULATION PASSED BY THE BOARD OF DIRECTORS OF M/S FATIMA ENERGY LIMITED (THE "COMPANY") ON MARCH 09, 2015

RESOLVED, that the Company may file an 'Application for Modification in the Generation License' No. SGC/96/2013 granted to the Company by NEPRA on 31 December 2013.

FURTHER RESOLVED, that Mr. Fawad Ahmed Mukhtar, Chairman and Mr. Fazal Ahmed Sheikh, CEO/Director of the Company are hereby jointly and severally authorized to sign the necessary documentation, pay the necessary filing fees, appear before the Authority as needed, and do all acts necessary or incidental for completion and/or processing of the 'Application for Modification in the Generation License'.

CERTIFIED TRUE COPY

I hereby certify that the above resolution was duly passed through circular resolution dated March 09, 2015.

COMPANY SECRETARY



ANNEX "C"

TEXT OF THE PROPOSED MODIFICATION

1. The existing Article 12 of license reads as follows:

"Article-12

Power off take Point and Voltage

The Licensee shall deliver electrical energy to MEPCO for wheeling at the outgoing Bus Bar of its 132 KV grid station. The up-gradation (step up) of generation voltage up to 132 KV will be the responsibility of the Licensee."

It is requested that a new sub-Article may be added at the end of aforesaid Article 12 as follows:

"The licensee is also allowed to sell electric power to XW-DISCO or NTDC (through CPPA) or K-Electric Limited or any other on tariff approved by NEPRA as per Interim Power Purchase Regulations."

2. Appropriate modifications in other parts of the license may kindly be incorporated to make it consistent with the aforesaid sub-Article. The changes and/or new definitions are required, *inter alia*, to incorporate ***"XW-DISCO" or "NTDC (through CPPA)" or "K-Electric Limited" or "any other"*** in definition of "Energy Wheeling Agreement" and "Wheeling".
3. The incorporation and appropriate information may be incorporated, *inter alia*, in relation to in addition of ***"XW-DISCO" or "NTDC (through CPPA)" or "K-Electric Limited" or "any other"*** in the Schedule-I of the license relating to "Interconnection/Transmission Scheme for Dispersal of Power from Fatima Energy Limited (FEL)".
4. The part of the Schedule-I relating to Schematic diagram for Interconnection/Transmission Arrangement for Dispersal of Power from FEL to be appropriately amended to enable FEL to disperse power to ***"XW-DISCO" or "NTDC (through CPPA)" or "K-Electric Limited" or "any other"***.
5. In the event a second tier authorization schedule is attached with the license (which FEL believes is no longer required pursuant to the sunset clause of Section 22 of the NEPRA Act becoming effective) the names of such consumers to whom FEL may sell electric power in pursuance of Article 12.



ANNEX "D"

STATEMENT OF REASONS IN SUPPORT OF THE PROPOSED MODIFICATION

The Project is currently under the construction phase and is being designed to disperse generated power in accordance with the Scheme and Authorisation, as produced in the Generation License.

At the current stage, given that the expected Commercial Operation Date is before mid-2016, the Generation License can be updated and developed with an inherent flexibility, and the Proposed Modification can be seamlessly made to the same.

Kindly note that the Proposed Modification shall be in public interest as it will enable the Company to sell electric power to XW-DISCO or NTDC (through CPPA) or K-Electric Limited or any other on tariff approved by NEPRA as per Interim Power Purchase Regulations which shall result in a more resourceful Project and ultimately lead to the benefit of the general public and consumers at large. Please also note that the Proposed Modification is in compliance with the applicable laws, in particular Regulation 10(5) of the Regulations, and:

- (a) does not adversely affect the performance by the Company 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 the NEPRA Act;
- (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 Generation License; 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 Company.

The NEPRA Act provides that "*in performing its functions under this Act, the Authority shall, as far as practicable, protect the interests of consumers and companies providing electric power services in accordance with guidelines, not inconsistent with the provisions of this Act, laid down by the Federal Government*"¹; whereas in relation to organisational matters, it provides that "*.....the Authority may in the public interest, with or without modifications, approve the following activities by a licensee for generation, transmission and distribution, namely:- (b) the expansion of a licensee's business activities.....*"²

In view of the on-going energy crisis in the country, the Company believes that proceeding with the Proposed Modification will not be against public interest, and shall prove mutually beneficial for all stakeholders, including the consumers who will benefit from power generated from a more resourceful Project.

¹ Section 7(6) of the NEPRA Act, 1997

² Section 33(b) of the NEPRA Act, 1997



ANNEX "E"

**STATEMENT OF THE IMPACT ON THE TARIFF, QUALITY OF SERVICE AND THE PERFORMANCE
BY THE LICENSEE/COMPANY AND ITS OBLIGATIONS UNDER THE GENERATION LICENSE**

Impact on Tariff:

All tariff related matters shall be put for the consideration of the Authority as per requirement of the law.


Impact on Quality of Service and the Performance by the Company/Licensee: The Company certifies that the quality of service and the performance by the Company under the Generation License shall not be affected on acceptance by NEPRA of this 'Application for the Proposed Modification of the License'.

Impact on obligations: The obligations of the Company under the Generation License shall be affected to an extent that, in addition to supply of power to its Bulk Power Consumers (as set out in the Generation License), the Company can sell electric power to XW-DISCO or NTDC (through CPPA) or K-Electric Limited or any other on tariff approved by NEPRA as per the applicable regime of NEPRA. Since the power that is intended to be supplied to the aforementioned entities shall be the 'surplus' power (i.e. in relation to which the Company has no commitment towards the Bulk Power Consumers), therefore the Bulk Power Consumers shall not be adversely affected by the Proposed Modification.




AFFIDAVIT

I also affirm that all further documentation and information to be provided by me in connection with the accompanying application shall be true to the best of my knowledge and belief.


DEPONENT
[Fazal Ahmed Sheikh]

Verified on oath at Lahore on this 16th day of March 2015 that the contents of the above affidavit are correct and true to the best of my knowledge and belief.


DEPONENT
[Fazal Ahmed Sheikh]

ATTESTED

Oath Commissioner Lahore