



# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/PAR-141/ 40734-38  
November 5, 2021

Resident Director  
Habib Sugar Mills Limited  
4th Floor, Imperial Court  
Dr. Ziauddin Ahmed Road,  
Karachi

**Subject: Decision of the Authority in the matter of Motion for Leave for Review filed by Habib Sugar Mills Limited against the Decision of the Authority in the matter of Power Acquisition Request filed by Hyderabad Electric Supply Company Ltd. (HESCO) for Procurement of Power from Habib Sugar Mills Limited under NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005 [Case # PAR-141]**

Enclosed please find herewith the subject Decision of the Authority (02 Pages) in the matter of Motion for Leave for Review filed by Habib Sugar Mills Limited against the Decision of the Authority in the matter of Power Acquisition Request filed by Hyderabad Electric Supply Company Ltd. (HESCO) for Procurement of Power from Habib Sugar Mills Limited under NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005 for information and further necessary action.

Encl: As above

( Iftikhar Ali Khan )

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Energy (Power Division), 'A' Block, Pak Secretariat, Islamabad
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Chief Executive Officer, Hyderabad Electric Supply Co. Ltd. (HESCO)  
WAPDA Offices Complex, Hussainabad, Hyderabad.

**DECISION IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW FILED BY HABIB SUGAR MILLS LIMITED AGAINST  
THE DECISION OF THE AUTHORITY IN THE MATTER OF POWER ACQUISITION REQUEST FILED BY HESCO FOR  
PROCUREMENT OF POWER FROM HABIB SUGAR MILLS UNDER NEPRA INTERIM POWER PROCUREMENT  
(PROCEDURE AND STANDARDS) REGULATIONS, 2005**

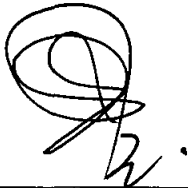
1. Habib Sugar Mills Limited ("HSML" or "the Petitioner") is a bagasse based captive licensee of NEPRA, which filed the subject Motion for Leave for Review ("Review Motion") against the decision of the National Electric Power Regulatory Authority ("NEPRA" or "the Authority") issued in respect of Power Acquisition Request ("PAR") filed by Hyderabad Electric Supply Company ("HESCO") to procure 3MW power from HSML ("Impugned Decision"). The Authority admitted the Review Motion and hearing in the matter was held on July 06, 2021 which was attended by the representative of the Petitioner and HESCO.
2. The Petitioner submitted that PAR was not approved by the Authority on the pretext that HESCO was not clear whether it intends to procure electricity from HSML or otherwise. The Petitioner in the Review Motion stated that filing of PAR by HESCO shows its intent of procurement of electricity from HSML which addresses the above deficiency as indicated in the Impugned Decision. Additionally, HSML emphasized upon a number of merits of procurement from HSML, i.e. (i) the Petitioner is offering cheaper energy at the rate of around Rs. 7.50/kWh, (ii) HSML offer/supply energy for four months of the year only (November-February) when gas and hydro sources are not optimally available, (iii) it is located at the load centers where the line losses are minimal/zero, (iv) no investment for line connectivity which has already been borne by HSML itself, (v) structure of the tariff is on "Take and Pay" basis which has no capacity payment obligations and no indexation. It explained that cheaper energy from HSML on "Take and Pay" basis (with no capacity obligations) can replace the costlier energy and therefore is beneficial for the whole system.
3. HESCO stated that though it submitted the PAR, however, that request was linked to certain terms, conditions and requirements that the Board of HESCO had specifically enumerated in its Resolution while authorizing the filing of the PAR. Particularly, the refusal of Central Power Purchasing Agency Guarantee Limited ("CPPAGL") for procurement of energy from HSML was highlighted by HESCO. The Authority has noted that CPPAGL did not refuse the procurement of energy from HSML rather advised that the same should be done after fulfillment of applicable legal, policy and regulatory framework and approval of NEPRA.
4. The Authority has considered the merits of the case especially the submissions regarding "Take and Pay" basis of procurement from HSML, with no liability of capacity payment on the purchaser. In that way, bagasse captives shall be given despatch before operating plants in CPPAGL's basket having variable cost higher than HSML's tariff and vice versa, which can result in displacement of expensive electricity (variable component) and therefore lowering of overall power purchase cost. The Authority considered that these grounds make a cogent case for the procurement of energy by HESCO from HSML and forms the substantial reason for the review of the Impugned Decision. In view thereof, the Authority decides to review its Impugned Decision and hereby grants permission to HESCO for power acquisition from HSML.



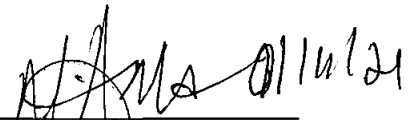
**Order**

5. The Authority has considered the Review Motion and decides to grant permission to HESCO for power acquisition from HSML and to negotiate Power Purchase Agreement and submit the same for approval of the Authority as per Regulation (5) of NEPRA Interim Power Procurement (Procedure and Standards) Regulations, 2005.

**Authority**



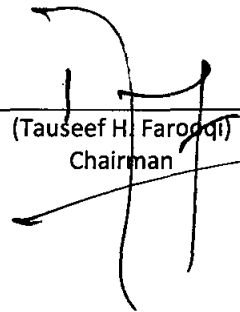
(Rehmatullah Baloch)  
Member



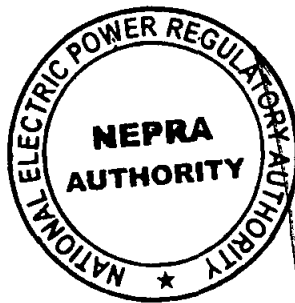
(Eng. Maqsood Anwar Khan)  
Member



(Rafique Ahmed Shah)  
Member/Vice Chairman



(Tauseef H. Farooqi)  
Chairman



5-11-21