



Registrar

# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

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

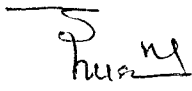
No. NEPRA/R-SA(Tech)/PAR-168/16794-95  
July 1, 2020

1. Chief Executive Officer  
K-Electric Limited (KEL)  
KE House, Punjab Chowrangi,  
39 – B, Sunset Boulevard, Phase-II  
Defence Housing Authority  
Karachi.
2. Chief Financial Officer  
Lotte Chemical Pakistan Limited  
Al-Tijarah Centre, 14<sup>th</sup> Floor, 332/1-A,  
Main Shahrah-e-Faisal, Block-6,  
P.E.C.H.S., Karachi

Subject: **Decision of the Authority in the matter of Power Acquisition Contract (“PAC”) between K-Electric Limited (“KE”) and Lotte Chemicals Pakistan Limited (“LCPL”) for the purchase of Electricity of 11-14 MW [Case # NEPRA/PAR-168]**

Please find enclosed herewith the subject Decision of the Authority (04 pages) in the matter of Power Acquisition Contract between K-Electric Limited and Lotte Chemicals Pakistan Limited (“LCPL”) for the purchase of Electricity of 11-14 MW for information, record and further necessary action.

Encl: As above

  
01 07 '20  
( Syed Safer Hussain )

**Subject: DECISION OF THE AUTHORITY IN THE MATTER OF POWER ACQUISITION CONTRACT (“PAC”) BETWEEN K-ELECTRIC LIMITED (“KE”) AND LOTTE CHEMICALS PAKISTAN LIMITED (“LCPL”) FOR THE PURCHASE OF ELECTRICITY OF 11-14 MW.**

## **1. INTRODUCTION:**

1.1 Lotte Chemicals Pakistan Limited (hereinafter referred as “LCPL”) is a captive power plant located at Port Qasim, Karachi, having generation capacity of 48.1 MW (gross capacity at ISO). The plant achieved commercial operations on July 17, 2012.

## **2. BACKGROUND:**

2.1 The Authority approved the Power Acquisition Request (PAR) submitted by K-Electric Limited (hereinafter referred as “KE”) for purchase of power from LCPL vide decision dated August 29, 2017. While approving the subject PAR, the Authority considered that “since the subject PAR was based on committed gas quota from the gas supplier, therefore, the use of RLNG for power generation for sale of surplus power to KE shall not be allowed.”

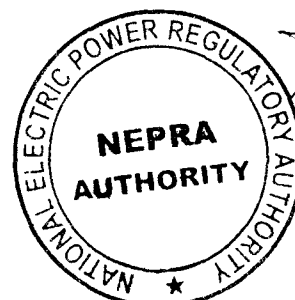
2.2 Subsequently, KE submitted a Power Acquisition Contract (PAC) in the matter on November 29, 2017. The Authority vide letter No. NEPRA/C(Hydro)/PAR-168/4860 dated March 26, 2018 approved the subject PAC between KE and LCPL for purchase /sale of 11-14 MW excess power on “Take & Pay” basis on the following conditions:

“

- i. Modification in the NEPRA’s generation license is required due to subsequent change in expected life of the generation facility i.e. 15 years (since commissioning date i.e. 17<sup>th</sup> July, 2012) as mentioned in Schedule B of the PAC whereas the expected life of the generation facility as mentioned in the generation license issued to the company on 13<sup>th</sup> June, 2017 is 25 years (since commissioning date i.e. 17<sup>th</sup> July, 2012). Type of Technology mentioned in the Generation License (Schedule 1-B) and in the PAC (Schedule B) are also different.



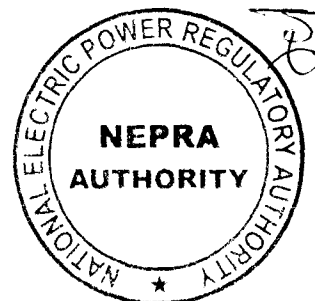
*[Handwritten signature]*



- ii. The emission values of CO<sub>2</sub> (35) and CO (11.06) committed in the generation license may also be adhered to. (The emission value of CO<sub>2</sub> is not mentioned in the PAC and the emission value of CO in PAC is much higher, i.e. 31 instead of 11.06).
- iii. The stability test of the complex provided as part of Schedule-F of the PAC may be in accordance with relevant globally standard codes such as ASME PTC series and same may be clearly mentioned in the PAC.
- iv. Clause 3.3 of the PAC may be replaced with the following:  
"The fuel for the Facility shall be indigenous natural gas. In the event that the supply of indigenous gas to the Facility is disconnected by SSGC during the Term and SSGC commits to replace indigenous gas with RLNG, LCPL shall, in consultation with KE, apply to NEPRA for prior permission to use RING as fuel and for determination of a new fuel price for RLNG and a revised thermal efficiency as determined by NEPRA."
- v. A clause may be added in the PAC, stating that if any provision in the PAC is inconsistent with the Tariff Determination by NEPRA, the latter shall prevail.
- vi. The finalized draft of the EPA, after incorporation of the above mentioned changes may be submitted to NEPRA for its record."

### 3. FILING OF REQUEST FOR CHANGE OF FUEL FROM GAS TO RLNG:

3.1 In accordance with the directions of the Authority conveyed vide letter No. NEPRA/C (Hydro)/PAR-168/4860 dated March 26, 2018 regarding change in fuel from gas to RLNG, LCPL vide its letter dated April 06, 2018 requested permission of the Authority to use RLNG as fuel to sell surplus power to KE.



3.2 The Authority vide its decision No. NEPRA/PAR-168/15538-15540 dated October 09, 2018 decided as follows:

“The Authority has decided to grant permission for generation and sale of surplus power on RLNG. Parties are directed to incorporate the same in the Power Acquisition Contract and submit the modified PAC for approval in line with the Regulations 5(1) of the Interim Power Procurement (Procedure & Standards) Regulations, 2005.”

#### **4. FILING OF PAC EXECUTED BETWEEN KE & LCPL FOR APPROVAL:**

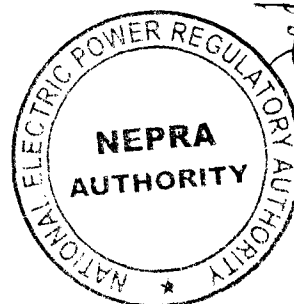
4.1 Pursuant to directions of the Authority vide letter No. NEPRA/C (Hydro)/PAR-168/4860 dated March 26, 2018 and NEPRA/PAR-168/15538-15540 dated October 09, 2018, KE submitted the revised draft of PAC vide letter dated January 30, 2020 to NEPRA for approval.

4.2 The Authority noted that KE has made its PAC consistent with its Generation License in respect of the expected life of the generation facility i.e. 25 years.

4.3 The Authority noted that KE has also changed Schedule – F of the PAC as directed by the Authority by adding the following clause:

“.... the tests, may be in accordance with relevant globally standard codes such as ASME PTC series, and ....”


4.4 The Authority further noted that KE has also made change regarding emission values of CO<sub>2</sub> and CO and the emission values are now consistent with those in Generation License. It may be noted that previously value of CO<sub>2</sub> was not mentioned in PAC while the emission value of CO was much higher in PAC then in generation license.

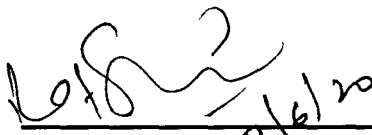



4.5 The Authority considered the revised PAC submitted by the KE after incorporating the changes directed by the Authority and has found it consistent with the decision NEPRA/C (Hydro)/PAR-168/4860 dated March 26, 2018 and NEPRA/PAR-168/15538-15540 dated October 09, 2018. Accordingly, the Authority hereby approves the PAC between K-Electric Limited and Lotte Chemicals Limited (LCPL) for the purchase of 11-14 MW electricity.

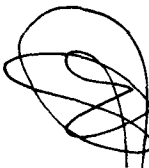
**AUTHORITY**

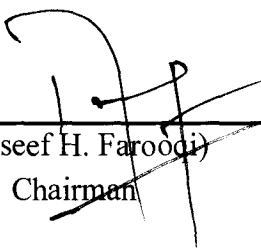
---

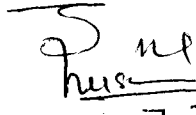
  
\_\_\_\_\_  
(Saif Ullah Chattha)  
Member 26.6.2020

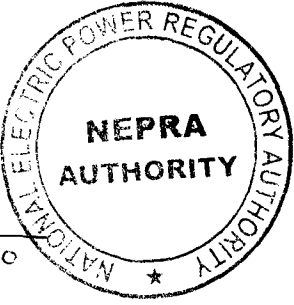
  
\_\_\_\_\_  
(Rafique Ahmed Sheikh)  
Member

  
\_\_\_\_\_  
(Engr. Bahadur Shah)  
Vice Chairman/Member

  
\_\_\_\_\_  
(Rehmatullah Baloch)  
Member

  
\_\_\_\_\_  
(Tauseef H. Farooqi)  
Chairman

  
\_\_\_\_\_  
01 07 20

  
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY  
NEPRA  
AUTHORITY  
★