



HYDERABAD ELECTRIC SUPPLY COMPANY
OFFICE OF THE CHIEF EXECUTIVE OFFICER HESCO HYDERABAD

No. CEO/HESCO/CE(P&E)/DM(SPP)/ 2831-34

Dated: 04-05.2012

The Registrar,
National Electric Power Regulatory Authority (NEPRA),
2ND Floor, OPF Building, G-5/2,
ISLAMABAD

For information & n/a
-AD(Z)
Copy to
-DG (Tariq) cc: Chair
-DD (lic)

Subject: **POWER PROCUREMENT REQUEST OF HESCO IN RESPECT OF M/S MEKOTEX (PVT) LIMITED UNDER NEPRA'S INTERIM POWER PROCUREMENT REGULATIONS-2005.**

Refnce:-
1. S.R.O 265(I)/2005 Notification Dated 16.03.2005.
2. Your office letter No. NEPRA/R/PAR-100/1208-18 Dated 09.02.2012.

HESCO is purchasing 4.0 MW (Gas Based) power from M/s Mekotex (Pvt) Ltd Kotri under SPP on take-and-pay basis and hereby request for acquisition of power under IPPR -2005 (Interim Power Procurement Regulation-2005) to regularize the power purchase as per NEPRA Rule. The required documents as mentioned in your above referred letter at Sr. No. 2 (i,ii,iii) are as under:-

- i. Authorization from the Board of Directors to purchase electricity from a generation company through mutual contract.

The Board of Directors (BOD) of HESCO has approved change of name as M/s Mekotex (Pvt) Ltd Kotri, previous as M/s Sapphire Textile Mills Ltd Kotri, in its 74th BOD meeting held on 02.11.2011 (Annex-A).

- ii. Power of Attorney in favour of the signatory of the PAR to file the PAR with NEPRA for approval (each page of the PAR shall be initialed by the person having authorization of the Board to sign such PAR).

As per requirement of NEPRA the case is submitted with the signature of undersigned and as authorized by HESCO BOD in 74th meeting.

- iii. In case of gas based projects, the approval of the concerned gas supplier to use the gas for electricity generation and sale thereof to the DISCO / TRANSCO.

The required letter from SSGC No. Sales/NOC-PG-856/2008 Dated 07.05.2008 attached (**Annex-B**) and further copy of SSGC letter No. Sales/NOC/Mekotex Dated 08.09.2011 for transfer of NOC from M/s Sapphire to M/s Mekotex (Pvt) Ltd Kotri copy attached (**Annex-C**).

The information as per part-II of Power acquisition permission Clause-3 (3) is as under please:-

1.
 - a. The firm's capacity is 4.0 MW
 - b. Type of fuel is Natural Gas.
 - c. HESCO is already purchasing power from M/s Mekotex (Pvt) Ltd Kotri on take-and-pay basis as per power purchase agreement signed on 10.06.2011. HESCO intend to regularize the power purchase as per NEPRA rule.
 - d. The HESCO demand of 4.0 MW met though procurement of power.
 - e. The interconnectivity setup of 11 KV voltage will be sole discretion and responsibility of the power purchaser at its own cost and risk. Cost of synchronization arrangement will be born by the power producer.
2. Information as per Clause-3 (4) of IPPR-2005 is attached on the forms under Schedule-I
3. Copy of Power Purchase agreement between HESCO and M/s Mekotex (Pvt) Ltd Kotri as per Clause-5 (1) (Power Acquisition Contract) is attached (**Annex-D**).

4. **Tariff**

The Tariff was introduced by CPPA as per NEPRA memo No. NEPRA/R/ LAC-60/7320 Dated 28.04.2008 in which NEPRA allowed DISCOs to directly purchase power less than 50 MW from captive power producers CPPs on mutually agreed Tariff with fixed cost component at Rs. 1.53 / Kwh and reference gas cost component at Rs. 2.89 / Kwh. The fuel cost component is considered as pass through item and it is being adjusted in gas price during the billing cycle according to the formula.

$$\text{GCC rev} = \text{GP (rev) / GP (ref) * GCC (ref)}$$

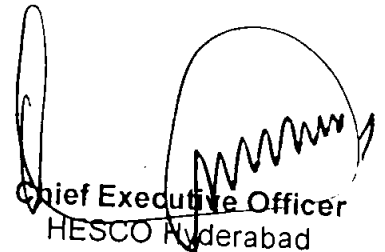
Where:

GCC rev	=	Gas cost component applicable for billing cycle
GP rev	=	Revised gas price excluding general sales tax applicable for the billing cycle as notified by OGRA
GP ref	=	Reference gas price i.e Rs. 238.38/MMBTU(HHV)
GCC ref	=	Rs. 2.89/Kwh

5. HESCO is of the view that Tariff determination is the prerogative of NEPRA in this case, however if NEPRA has no objection on the Tariff, approved by the CPPA for CPPs / SPPs (Small Power Producer) as mentioned above. HESCO can adopt and own the Tariff.

HESCO will appreciate if permission for power acquisition is allowed alongwith endorsement of Tariff adopted by CPPA under SPP policy or Tariff determination be made by NEPRA as the case may be.

D.A/As above.



Chief Executive Officer
HESCO Hyderabad

CC To:-

1. Chief Engineer (P&E) HESCO Hyderabad.
2. General Manager (Technical) HESCO Hyderabad.
3. Finance Director HESCO Hyderabad.
- Master file.



HYDERABAD ELECTRIC SUPPLY COMPANY LTD

(WAPDA OFFICES COMPLEX HUSSAINABAD HYDERABAD)

Tel: 9260256
Fax 9260361
PBX 9260161-9260211

OFFICE OF THE
CHIEF EXECUTIVE OFFICER
HESCO HYDERABAD

NO.CEO/HESCO/CS/Min-74th BOD Meet/

366-91

13 Feb. 2012

1. **Nawab Muhammad Hussain Talpur**
Chairman: BOD, B-73, Naseem Nagar-2
Qasimabad, Hyderabad
(Ph: 0301-3627112 / 0345-2177048)
2. **Mr. Muzaffar Ali Abbasi**
Chief Executive Officer
HESCO Hyderabad
3. **Mr. Rafique Dawood**
Chairman, BRR Guardian Modaraba, (Director BOD HESCO)
1500-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi
(Ph: 021-111329663) (021-2271912-3 - Fax)
4. **Haji Muhammad Yaqoob**
(Director BOD HESCO)
Aiwan-e-Tijarat Road Saddar, Hyderabad
(Ph: 022-2784972 / 03002015280) (2784977 Fax)
5. **Mr. Mehmood Nawaz Shah**
(Director BOD HESCO) Bungalow No.1-A
Block-C Unit No.2, Latifabad, Hyderabad
(Ph: 022-3863324 / 03332602962) (022-2783988)
6. **Dr. Asad Sayeed**
Executive Director, Collective for Social Sciences Research (CSSR)
(Director BOD HESCO), 173-1, Block-2 PECHS, Karachi - 75400
(Ph: 021-34551482) (021-34547532-Fax)
7. **Mr. Goharullah**
President, Hyderabad Chamber of Commerce & Industry
(Director BOD HESCO), Aiwan-e-Tijarat Road, Saddar, Hyderabad
Chairman, Fateh Group, A/4, SITE Hyderabad
(Ph: 022-2784973-5 / 3880700 - 022-3880514 Fax)
8. **Mr. Muhammad Zargham Eshaq Khan**
Joint Secretary (Power), (Director BOD HESCO)
Ministry of Water & Power Government of Pakistan, Islamabad
(Ph: 051-9203087 - 051-9214273 Fax)

Subject: MINUTES OF 74TH MEETING OF BOARD OF DIRECTORS OF HESCO HELD ON 02ND NOVEMBER 2011 AT HYDERABAD

Kindly find enclosed Minutes of 74th meeting of Board of Directors of Hyderabad Electric Supply Company Limited held on 02nd November 2011, at Hyderabad, duly signed by the Chairman, BOD, for your information, please.

D.A/As above

(MUHAMMAD BACHAL LEGHARI)
COMPANY SECRETARY
HESCO HYDERABAD

Copy to:

1. Chief Technical Officer, HESCO Hyderabad.
2. Chief Operating Officer, HESCO Hyderabad.
3. Chief Commercial Officer, HESCO Hyderabad.
4. Chief Engineer (P&E) HESCO Hyderabad.
5. Chief Engineer (Development), HESCO Hyderabad.
6. Admn & HR Director, HESCO Hyderabad.
7. Finance Director, HESCO Hyderabad.
8. Deputy Chief Auditor, HESCO Hyderabad.
9. Manager (HRM) / (Admn) / (Comm) / (TM&CM) / (MM) / (Civil) / (S&I) (CM&O) / (Tech) GSO/ (MIS) WCC HESCO Hyderabad.
10. Master File.

MINUTES OF 74TH BOD MEETING OF HYDERABAD ELECTRIC SUPPLY
COMPANY LIMITED HELD ON 02-11- 2011 AT HYDERABAD

PRESENT

- | | | | |
|----|-------------------------------|--------------------|----------|
| 1. | Nawab Muhammad Hussain Talpur | Chairman | in Chair |
| 2. | Mr. Rafique Dawood | Director | |
| 3. | Dr. Asad Sayeed | Director | |
| 4. | Haji Muhammad Yaqoob | Director | |
| 5. | Mr. Mehmood Nawaz Shah | Director | |
| 6. | Mr. Muhammad Bachal Leghari | Company Secretary. | |

By Invitation

1. Mr. Deep Chand, CCO HESCO
represented CEO HESCO

Meeting commenced with recitation from Holy Quran. Company Secretary informed that CEO HESCO was at Islamabad, and his stay extended by Ministry of Water & Power on account of some important meeting. He further informed that Mr. Goharullah was also out of country and has sent his application through Haji Muhammad Yaqoob, Honourable Member of the Board, for leave of absence. Similarly the Company Secretary informed that Mr. Muhammad Zargham Eshaq Khan, Joint Secretary (Power) Ministry of Water & Power and Director of BOD HESCO has intimated vide his letter dated 02.11.2011 that he would not be able to attend the said meeting due to his prior commitments. Members observed that that Mr. Muhammad Zargham Eshaq Khan has not attended any meeting of the Board for one reason or the other since very inception of BOD in March 2011. The Members desired to request Ministry of Water & Power for suitable nomination as Member on the BOD of HESCO who can attend the Board meetings in place of Mr. Muhammad Zargham Eshaq Khan. The Company Secretary informed that Ministry of Water & Power has already been requested for nomination as desired by the Board, but the same is still awaited from their end. Leave of absence was not granted.

The Chairman informed that during his visit to Islamabad, he personally met the Secretary Ministry of Water & Power and pointed out non-attendance of Board meetings by Mr. Muhammad Zargham Eshaq Khan whereupon the Secretary promised that he himself would attend the Board meetings, yet there was no attendance from their end. However, the Board did not grant the leave of absence to Mr. Muhammad Zargham Eshaq Khan, Honourable Member and desired to keep on writing to Ministry of Water &

Power continuously for nomination of suitable Member in place of Mr. Zargham Eshaq Khan or ensure his availability for attending Board meetings regularly.

The Board then deliberated on the agenda of the meeting as under:-

Agenda -1 To review and confirm minutes of 73rd BOD meeting held on 5.10.2011

Minutes of 73rd BOD meeting held on 05.10.2011 were placed before the Board for review and confirmation.

The Chairman observed that agenda of the meeting is usually brought to him at 11th hour for his approval. He desired that agenda of the meeting should be submitted to him for approval 15 days before the meeting and Working Paper be provided to the Members at least 07 days before the meeting. Similarly draft minutes of the meeting should also be provided to the members within one week.

There seems to be a need for streamlining pre-qualification and tendering process. Due to that there have been instances where bidders do not qualify and therefore they are not responsive, however they are also included in the bidding process creating distortion and post tender changes. Therefore, it was requested that Technical Committee should streamline the whole tendering process, which will induce efficiency, and transparency in the procurement.

Mr. Mehmood Nawaz Shah observed that there is lot of deficiency in recording of minutes, which is not appreciated. He desired to improve wording of the minutes and pay proper attention in writing the minutes. He pointed out that his observation mentioned in 3rd line of the minutes against agenda-1 at page-5, has incorrectly been recorded as "the discussion regarding post tender changes may be avoided", whereas his observation was actually "to avoid post tender changes in future", therefore it requires to be re-written accordingly.

Mr. Mehmood Nawaz Shah further pointed out that in agenda-3 at page-7 of the Working Paper it has been mentioned in the minutes that the lowest firm M/S AGE Ind: Peshawar, M/S Newage Cables Lahore and M/S Mutahir Metal Lahore, were found to be responsive for Lot-I, II & III. Moreover, it has been mentioned that the firms were found to be responsive, but it is not clear who found them responsive for these Lots, as

such this needs to be recorded in clear terms because tendering is very sensitive process within eyes and ears of every body.

Mr. Mehmood Nawaz Shah pointed out that in the minutes against agenda No.8 at page-11 of Working Paper, pricing discussed by the Committee is not captured. He observed that all the reasoning should have been included in the minutes in view of Technical Committee's discussion. Haji Muhammad Yaqoob pointed out that his observations have not been mentioned in the minutes.

Decision

In view of above discussion Chairman desired that the minutes should be revised, corrected and same after correction vetted by all members of BOD. After approval of Chairman, minutes issued accordingly.

Agenda -2 To consider and approve procurement of Bus Coupler Panel (Lot-III) against Tender No.T-102/2011 opened on 18.05.2011

Proposal for procurement of Bus Coupler Panel (Lot-III) against Tender No.T-102/2011 opened on 18.05.2011, was placed before the Board for approval.

It was submitted that the proposal for procurement of 15 No. 11 KV Switchgear Incoming Panel, 60 No. Switchgear Outgoing Panel and 20 No.11 KV Bus Coupler Panel from lowest evaluated bidder M/S Perfect Elektro MEK Lahore, was placed before the board for approval in its 73rd meeting held on 05.10.2011, wherein the Board, in the light of recommendation of Technical Committee, approved procurement of 11 KV Switchgear Incoming / Outgoing Panels (Lot-I & II), whereas for Bus Coupler Panel (in Lot-III), keeping in view the observation of Technical Committee that prototype of Bus Coupler Panel has not been got approved, the Board directed Chief Technical Officer to visit the premises of M/S Perfect Elektro MEK Lahore, and submit report to the Committee for its consideration and approval of the Board later on.

The CTO submitted that he visited the premises of M/S Perfect Elektro MEK Lahore, on 06.10.2011 and submitted his report on 12.10.2011 discussing all aspects i.e. location of Factory, machinery, skilled work force, registration / pre-qualification, expertise, experience as well as progress on prototype approval in the office of CE Design NTDC and recommended placing of purchase order for procurement of Bus Coupler Panel (Lot-III) upon M/S Perfect Elektro MEK Lahore, being qualified and responsive bidder.

The management therefore, worked out the following purchase proposal for approval of the Board:-

Sr. No.	Description of Material	Lot No.	Quantity	Unit Rate (Rs.)	Amount (Rs.)
1.	11 KV Bus Coupler Panel	III	20 Nos.	16,32,150/-	32,643,000.00
16% G.S.T:					5,222,880.00
Grand Total:					37,865,880.00

Chairman observed that there is no exact No. of total Bus Coupler. CTO submitted that there are 68 No. Grid Stations viz 46 132 KV and 22 66 KV with total 98 Power Transformers.

Mr. Rafique Dawood enquired about Bus Coupler installed in the system presently. CTO submitted that 11 Bus Couplers are installed and 20 No. Bus Couplers are now required for immediate arrangement.

Mr. Mehmood Nawaz Shah observed that 11 Bus Couplers are already installed and 20 more are required, whereas the number of Grid Stations is said to be 68, which indicates that the management is unaware about the exact position. The CTO submitted that 11 Bus Couplers are installed in whole system including SEPCO.

Mr. Rafique Dawood enquired the number of Grid Stations, for which these 20 Bus Couplers are being asked for. CTO submitted that there are 10 – 12 Grid Stations under progress where the Bus Couplers are required to be installed.

On enquiry by Haji Muhammad Yaqoob that when the Bus Couplers were procured previously, CTO informed that these were procured in 2006.

Mr. Mehmood Nawaz Shah observed that the Bus Couplers should have been installed at the time of installation of Transformers. CTO submitted that there are a number of Grid Stations having single Transformer, whereas Bus Couplers are to be installed only at the Grid Stations where there are two or more Transformers because if there is failure of supply on one Transformer, the same can be restored from another Transformer through Bus Coupler.

Haji Muhammad Yaqoob desired that copies of all the Purchase Orders (Pos) so far issued for the procurement approved by the Board be provided to the Members of the Board and that Members be apprised of whether material against the

same has been received. Dr. Asad Sayeed observed that detailed case be prepared and submitted to Technical Committee of the Board. — *BoD. Mkt*

Haji Muhammad Yaqoob suggested that the item may be deferred. Mr. Mehmood Nawaz Shah suggested to approve the proposal. Mr. Rafique Dawood seconded.

Decision

The proposal was deferred. The Honourable Member desired to inform all purchased Bus Couplers, total installed and net required.

Agenda -3 To consider and approve procurement of AA Conductor Ant against Tender No.705/2011 opened on 06.08.2011

Proposal for procurement of 1500 km AA Conductor Ant against Tender No.705/2011 opened on 06.08.2011 was placed before the Board for approval. It was submitted that keeping in view the requirement of AA Conductor Ant for respective schemes in hand and expected in future during the financial year 2011-2012 against the funds provided by Federal / Sindh Government as well as provision in budget for the year 2011-12 against DOP, ELR and maintenance of Distribution System, tenders for procurement of 1500 km AA Conductor Ant were invited in two lots i.e. 1000 km in Lot-I and 500 km in Lot-II, through local and national newspapers, wherein following bidders participated and quoted their rates as under:-

Sr. No.	Name of Bidder	Lot-I	Lot-II
1.	M/S H. M. Ismail & Co. Pvt Ltd. Karachi	Rs.37,301	--
2.	M/S Mutahir Metal Works Lahore	--	Rs.38,743
3.	M/S Universal Cables Karachi	Rs.39,240	--
4.	M/S Newage Cables Lahore	Rs.38,900	Rs.37,900
5.	M/S AGE Ind: Peshawar	Rs.37,400	--

The tenders were processed and M/S H. M. Ismail & Co. Pvt Ltd. Karachi, were stated to have emerged lowest in Lot-I at unit rate of Rs.37,301/- and M/S Newage Cables Lahore were stated to have emerged lowest in Lot-II at unit rate of Rs.37,900/-.

The rates were stated to be reasonable on the basis of comparison of the lowest rates of AA Conductor Ant with the last purchase rates of HESCO and MEPCO as shown below, as well as increase in LME prices of Aluminum being the major component of raw material:-

Description	Lowest quoted rate	Last purchase rates of HESCO & MEPCO			% Difference
AA Conductor Ant	Rs.37,300/-	Rs.37,300/-	HESCO	9/11	At par
		Rs.37,378.60	MEPCO	6/11	(-) 0.21

It was submitted that the proposal was discussed in 73rd BOD meeting held on 05.10.2011, but it was deferred due to observation of Technical Committee that M/S H.M Ismail & Co. (Pvt) Ltd. Karachi, were found defaulter in various purchase orders of HESCO, therefore, Technical Committee directed CTO to visit the premises of M/S H.M Ismail & Co. and confirm / verify manufacturing capability of the firm and progress of material pending supply with the firm against the purchase orders already issued to them. The Board, therefore, desired to re-submit the detailed proposal to the Committee.

The CTO submitted that he alongwith Deputy Manager of MM visited premises of the firm on 19.10.2011 and observed that the firm is quite capable for manufacturing of AA Conductor Ant and that they have now completed the supplies against the purchase orders of HESCO except one item which was assured to be supplied within one month. The CTO further submitted that the firm has assured to supply ordered quantity AA Conductor Ant in the instant tender within specified schedule as per terms and conditions of the tender. He, therefore, recommended award of 1,000 km AA Conductor Ant to the firm being qualified and lowest bidder for Lot-I in the tender. Accordingly following purchase proposal was placed before the Board for approval:-

Sr. No.	Name of Firm	Lot No.	Quantity	Unit Rate	Amount (Rs.)
1.	M/S H.M Ismail & Co. (Pvt) Ltd. Karachi	I	1000 KM	Rs.37,300/-	37,300,000
2.	M/S Newage Cables Lahore	II	500 KM	Rs.37,300/-	18,650,000
Total:			1500 KM		55,950,000
+16% G.S.T:					8,952,000
Grand Total:					64,902,000

Mr. Mehmood Nawaz Shah observed that there should be uniform procedure and post tender changes should be avoided in future.

On enquiry by Haji Muhammad Yaqoob about input of GST it was submitted that input is being received. The Honourable Member observed to submit proof of input in the next BOD meeting.

Decision

The Board considered the proposal and **accorded approval** for placing the purchase order for procurement of 1,000 KM AA Conductor Ant from M/S H.M Ismail (Pvt) Ltd. Karachi, subject to condition to complete all purchase orders and be brought in BOD and 500 km AA Conductor from M/S Newage Cables Lahore, at the unit rate of Rs.37,300/- total amounting to Rs.55,950,000/- (exclusive of GST) as per above mentioned purchase proposal.

Agenda-4 To consider and approve procurement of 11 KV Disc Insulators Fog Type 80 KN and 11 KV Post Insulators against Tender No.T-108 opened on 19.05.2011

Malik
The management placed the proposal for procurement of 25,000 No. 11 KV Disc Insulators Fog Type 80 KN and 39 No. 11 KV post Insulators against tender No.108 opened on 19.5.2011, before the Board for approval. It was submitted that keeping in view the requirement of aforesaid material for completion of works at respective Transmission Lines under 6th STG Program (PSDP), under HESCO and SEPCO, tenders were invited in two lots through local and national newspapers, wherein only one firm M/S EMCO Industries Lahore, participated in the tender and quoted their bid / rate as under:-

Sr. No.	Description of material	Lot No.	Quantity	Unit Rate without taxes on FCS basis
1.	11 KV Disc Insulators Fog Type 80 KN	I	25000 Nos.	Rs.1,750
2.	11 KV post Insulators	II	39 Nos.	Rs.12,100

It was submitted that the bid was sent to CE Design NTDC Lahore, for comprehensive technical / commercial bid evaluation and they have recommended the single bid for award of contract (Lot-I & II), subject of fulfillment of deficiency in bid security and withdrawal of condition regarding payment of interest. Accordingly the firm was requested to withdraw the condition of interest (10% per annum) against delay in payment and completion of 2% bid security i.e. Rs.884,438/- instead of Rs.860,000/- whereupon the firm has withdrawn the commercial condition and completed the bid security.

It was further submitted that the bid was submitted to HESCO Bid Evaluation Committee, who have observed that although quoted rates are higher than the previous purchases, yet these rates seem to be reasonable keeping in view the price

hike in local market for all inputs and increase in currency rate i.e. US \$ / Euro. In the light of recommendation of NTDC and HESCO Evaluation committee, following purchase proposal was worked out and placed before the Board for approval:-

S.No.	Description	Lot No.	Quantity	Unit Rate	Amount (Rs.)
1.	11 KV Disc Insulators Fog Type 80 KN	I	25000 Nos.	Rs.1,750	Rs.43,750,000.00
2.	11 KV post Insulators	II	39 Nos.	Rs.12,100	Rs. 471,900.00
Total:					Rs.44,221,900.00
+16% G.S.T:					Rs. 7,075,504.00
Grand Total:					Rs.51,297,404.00

Dr. Asad Sayeed observed that there is a single bidder in both the Lots. The CTO submitted that there is only one manufacturer of these items in Pakistan. The Honourable Member observed that in such case the bid should have been on International basis.

Mr. Mehmood Nawaz Shah observed that whether there is any analysis of increase in prices of inputs and rate of currency. The CTO submitted that HESCO Evaluation Committee has recommended award of contract after necessary analysis.

Decision

The Board considered the proposal and accorded approval for placing the purchase order upon the evaluated bidder M/S EMCO Industries Lahore for Lot-I & Lot-II, for procurement of 25,000 No. 11 KV Disc Insulators Fog Type 80 KN and 39 No. 11 KV post Insulators, at the unit rate of Rs.1750/- and Rs.12,100/- respectively total amounting to Rs.44,221,900/- without duty and taxes.

Agenda-5 To consider and approve procurement of 15000 Volts XLPE insulated 1000 / 500 MCM Power Cable S/C, 15000 Volts XLPE 40/A WG Standard 3/C Power Cable (Lot-I) and Control Cables 4x2.5mm, 8x2.5mm, 16x2.5mm & 4x6mm (Lot-II) against Tender No.T-103 opened on 18.05.2011

The proposal for procurement of 15000 Volts XLPE insulated 1000 / 500 MCM Power Cable S/C, 15000 Volts XLPE 40/A WG Standard 3/C Power Cable (Lot-I) and Control Cables 4x2.5mm, 8x2.5mm, 16x2.5mm & 4x6mm (Lot-II) against Tender No.T-103 opened on 18.05.2011 was placed by the Management before the Board for

approval. It was submitted that Power Cable S/C and Control Cables of respective sizes are required for completion of works at various Transmission Lines under 6th STG Program (PSDP), therefore, the tenders for procurement of these Cables were invited in two Lots (Lot-I & II) through local and national newspapers. The scope of work under the tender covered supply of following material:-

Lot-I

Sr. No.	Description of material	Specification No.	Quantity (KM)
1.	15000 Volts XLPE Insulated 1000 MCM power Cable S/C	P-29:2010 amended up-to-date	10
2.	15000 Volts XLPE Insulated 500 MCM power Cable S/C		07
3.	15000 Volts XLPE 4/0 AWG Standard 3/C power Cable		08

Lot-II

Sr. No.	Description of material	Specification No.	Quantity (KM)
1.	Control Cable 4x2.5mm	P-100:05 amended up-to-date	13
2.	Control Cable 8x2.5mm		09
3.	Control Cable 16x2.5mm		14
4.	Control Cable 4x6mm		11

It was submitted that 03 firms namely M/s Pioneer Cable Karachi, M/s Universal Cables Karachi, M/s Newage Cables Lahore participated in the Tender and quoted their rates wherein M/s Newage Cables Lahore were stated to have emerged lowest bidder for Lot-I and M/s Pioneer Cable Karachi for Lot-II. It was further stated that the bids were sent to Chief Engineer (Design NTDC) Lahore for comprehensive technical / commercial bid evaluation and they have recommended that consideration may be given to place purchase order on lowest responsive evaluated bidders of respective Lots i.e. M/s Newage Cables Lahore (for Lot-I) and M/s Pioneer Cables Karachi (for Lot-II) subject to withdrawal of Commercial discrepancies before award as pointed out at Article 6.1 of Bid evaluation report that inspection of material shall be carried out by Material Inspection (M.I) WAPDA instead of Inspection Committee constituted by Chief Executive Officer HESCO Hyderabad. Accordingly the firm was requested to withdraw the commercial observation to which M/s Pioneer Cables Karachi, agreed and have withdrawn the commercial conditions.

The bids were subsequently submitted to HESCO Evaluation Committee who recommended the quoted rates against Lot-I & Lot-II as reasonable, keeping in view the price difference in market for all inputs as well as foreign currency. The Committee therefore, recommended to place purchase order upon M/s Newage Cables Lahore for Lot-I and M/s Pioneer Cables Karachi for Lot-II.

Accordingly the management worked out purchase proposal in the light of recommendations of NTDC and HESCO evaluation committees and placed before the board for approval as under:

Lot-I M/s New Age Cable, Lahore

Sr. No.	Description of material	Quantity (KM)	Unit Rate (Rs.)	Total Amount (Rs.)
1.	15000 Volts XLPE Insulated 1000 MCM power Cable S/C	10	1,226,800/-	12,268,000/-
2.	15000 Volts XLPE Insulated 500 MCM power Cable S/C	07	797,000/-	5,579,000/-
3.	15000 Volts XLPE 4/0 AWG Standard 3/C power Cable	08	2,029,500/-	16,236,000/-
			Total	34,083,000/-

Lot-II M/s Pioneer Cable, Karachi

Sr. No.	Description of material	Quantity (KM)	Unit Rate (Rs.)	Total Amount (Rs.)
1.	Control Cable 4x2.5mm	13	227,190/-	2,953,470/-
2.	Control Cable 8x2.5mm	09	346,110/-	3,114,990/-
3.	Control Cable 16x2.5mm	14	569,000/-	7,966,000/-
4.	Control Cable 4x6mm	11	389,820/-	4,288,020/-
			Total	18,322,480/-

It was submitted sufficient budget provision exists under head PSDP for financial year 2011-12 and Finance Director has financially vetted the proposal.

Decision

The Board considered the recommendation of the management on the proposal and **accorded approval** for placing purchase order upon lowest evaluated bidders M/s Newage cables Lahore for Lot-I amounting to Rs.34,083,000/- and M/s Pioneer Cables Karachi for Lot-II amounting to Rs.18,322,480/- (exclusive of duty and taxes) as per above mentioned purchase proposal worked out by the management.

Agenda-6 To consider and approve procurement of 132 KV ZM-30 Type Tower & 3-Meter Leg Extension, 132 KV ZM-60 Type Tower & 3-Meter Leg Extension and Steel Poles Type SP-A, SP-D & SP-G against Tender No.T-110 opened on 24.05.2011

The Proposal for procurement for respective material required for completion of the works at different transmission lines under 6th STG program (PSDP) was placed before the board for approval. It was submitted that Tenders for the said material were invited in, 2 Lots (Lot-1 & Lot-2) through local and national newspapers. The scope of work under the tender covered supply of following materials in two Lots.

Lot-I

Sr. No.	Description of material	Specification No.	Quantity (KM)
1.	132KV ZM-30 Type Tower	P-139:80	06
2.	3 Meter Leg Ext: for ZM-30		06
3.	132KV ZM-60 Type Tower		14
4.	3 Meter Leg Ext: for ZM-60		04

Lot-II

Sr. No.	Description of material	Specification No.	Quantity (KM)
1.	Steel Pole Type SPA	P-166:83/PDW/DF-221	19
2.	Steel Pole Type SPD	P-166:83/PDW/DF-220	16
3.	Steel Pole Type SPG		07

It was submitted that tenders were opened on 24.05.11 wherein, out of seven firms who purchased the bidding documents, only three firms namely M/s Pakistani Engineering, Lahore, M/s White Collar Lahore and M/s Alamdar Engineering Lahore participated in the tender and quoted their bids / rates.

The board was informed that the bids were sent to Chief Engineer (Design) NTDC, Lahore for comprehensive technical / commercial bid evaluation, who after necessary assessment recommended to place purchase order for Lot-I & II upon the lowest evaluated bidders as under:-

1. M/s Alamdar (Pvt) Ltd. Lahore in Lot-1 for (ZM-30/60 Towers and Leg Extensions)
2. M/s White Collar Lahore in Lot-2 for (Steel Poles)

It was stated that bids were submitted to HESCO bid evaluation committee for further evaluation and the HESCO Bid Evaluation committee fully agreed with the evaluation carried out by NTDC and recommended to place order upon the lowest evaluated bidders.

Accordingly the management worked out purchase proposal in the light of recommendations of NTDC and HESCO evaluation committees and placed before the Board for approval as under:

Lot-I M/s Alamdar Engineering, Lahore

Sr. No.	Description of material	Quantity (No.)	Unit Rate (Rs.)	Total Amount (Rs.)
1.	132KV ZM-30 Type Tower	6	668100/-	4,008,600.00
2.	3 Meter Leg Ext: for ZM-30	6	124900/-	749,400.00
3.	132KV ZM-60 Type Tower	14	835100/-	11,691,400.00
	3 Meter Leg Ext: for ZM-60	4	172300/-	689,200.00
			Total	-17,138,600.00

Lot-II M/s White Collar, Lahore

Sr. No.	Description of material	Quantity (No.)	Unit Rate (Rs.)	Total Amount (Rs.)
1.	Steel Pole Type SPA	19	967840/-	18,388,960.00
2.	Steel Pole Type SPD	16	1345875/-	21,534,000.00
3.	Steel Pole Type SPG	07	1740850/-	12,185,950.00
			Total	52,108,910.00

On enquiry by the members as to where this type of towers are to be installed, Chief Technical Officer submitted that these towers are installed in the congested areas of cities where there is problem of right of way.

It was submitted that sufficient budget provision exists under head PSDP for financial year 2011-12 and Finance Director has financially vetted the proposal.

Decision

The Board considered the proposal and **accorded approval** for placing purchase order upon the lowest evaluated bidders M/S Alamdar Engineering, Lahore for Lot-I amounting to Rs.17,138,600/- and M/S White Collar Lahore for Lot-II amounting to Rs.52,108,910/- (exclusive of duty and taxes) as per above mentioned purchase proposal worked out by the management.

17

Agenda-7 Change of name as M/S MEKOTEX Private Limited Kotri, previous named as M/S Sapphire Textile Mills Limited Kotri, requires approval of BOD regarding issuance of LOI, PPA and Connectivity Report from Committee for 4.0 MW Gas based Power Plant in the name of M/S MEKOTEX Private Limited Kotri

It was submitted that M/S Sapphire Textile Mills Limited Kotri, has been supplying power to HESCO, but the Company has sold out the property including their Power Plant to M/S Mekotex (Private) Limited Kotri, and that NEPRA has allowed transfer of Generation Licence of M/S Sapphire Textile Mills in favour of M/S Mekotex (Private) Limited Kotri.

The post tender changes were proposed and are proposed. Other Companies have been refused in the past, which have not supplied equipment in time, where this Company has also not supplied items in time. Again the post tender changes have advised which is against the procurement standards.

M/S Mekotex therefore, approached CPPA and offered to continue the same contract without interruption, as well as requested HESCO to issue Letter of Intent (LOI) in their favour. The Chief Operating Officer, CPPA requested HESCO to consider their case after fulfilling all legal / codal formalities and terms and conditions of SPPs / CPPs with the approval of BOD HESCO.

It was submitted that as per Connectivity Report submitted by Technical Committee no extra expenditure is to be borne by HESCO, as it was already connected with the system.

The case for issuance of LOI, PPA for 4.0 MW and Connectivity Report of the Technical Committee in favour of M/S Mekotex (Pvt) Limited Kotri, was, therefore, placed before the Board for approval.

Decision

The Board considered the proposal and accorded approval for issuance of LOI, signing of PPA for 4.0 MW and Connectivity Report of the Technical Committee in favour of M/S Mekotex (Pvt) Limited Kotri

Agenda-8 To consider and approve 04 months training to newly appointed ALMs in BPS-03 with Basic Pay Scale

It was proposed that ALM on their appointment should be directed to report at Regional Training Center (RTC) of HESCO at Jamshoro to undergo four (04) months

mandatory orientation training in their basic pay scale BPS 03 only without other allowances so that they are acquainted with required skills and precautionary measures to be adopted during their duty.

It was further submitted that on completion of 04 months training by such ALM they would be posted in various formations. The proposal was placed before the Board for approval.

Decision

The Board considered the proposal and **accorded approval** for 04 months mandatory orientation training at Regional Training Center (RTC) Jamshoro for newly appointed ALM.

Agenda-9 To consider and approve enhancement of office telephone limit of Manager (Commercial) HESCO from Rs.5,000/- to Rs.10,000/-

Agenda-10 To consider and approve ex-post-facto approval for relaxation of age in respect of Mst. Rukhsana alias Zubaida, Aya WAPDA Hospital Hyderabad, for 05 years 10 months and 06 days

Agenda-11 To consider and approve 04 advance increments to the officials like already granted to the officers having qualification of MBA / MPA

All the above mentioned items (9 to 11) were deferred for submitting to HR Committee of BOD. The tentative date and time for meeting of the Committee was fixed as 10.11.2011 at 11:00 AM.

Agenda-12 To consider and approve Annual Accounts of the Company for financial year ended 30.6.2011 alongwith Auditors' & Directors' Reports

Agenda-13 To consider and approve Budget for FY 2011-2012

Both the above items-12 & 13 were deferred for next BOD meeting to be held on Wednesday 23rd November 2011 exclusively for these items, for want of participation of majority of Members.

Agenda-14 Briefing on Internal Audit by Deputy Chief Auditor HESCO Hyderabad

The item was deferred for next BOD meeting.

Ex-Agenda-1 To consider and approve Escalation claim of M/S Atlas Cables Karachi through price adjustment formula against Purchase Order No.03-02433 dated 27.10.2010

The Escalation claim of M/S Atlas Cables Karachi through price adjustment formula against Purchase Order No.03-02433 dated 27.10.2010 was placed before the Board for approval. It was submitted that the purchase order No.03-02433 dated 27.10.2010 for supply of 6,000 KM ACSR Conductor Rabbit was placed upon the firm in 03 Lots of 2,000 KM each, within 180 days from the date of opening of L.C. The firm supplied full quantity of 2000 KM against Lot-I up to 09.04.2011, whereas they supplied partial quantity of Lot-II and did not supply the quantity of 2,000 KM in Lot-III at-all despite lapse of final delivery date.

It was submitted that the firm, instead of supplying the full quantity of ordered material, requested through their respective letters for escalation claim through price adjustment for Rs.12,259,944/- on the basis of increase in LME prices of Steel and load shedding of power resulting in no production, as intimated by them. However, the claim of the firm was not entertained, as according to tender conditions the prices shall not be escalated for any reason whatsoever and that they submitted the bid in accordance with the tender conditions and accepted the purchase order. Moreover the firm got extra time for delivery of material by delayed submission of Performance Bond by them, which resulted late opening of L.C, therefore, the firm was responsible for increase in LME prices during the period. Thus, HESCO sustained abnormal loss on account of non-delivery of material by the firm despite series of reminders, thereby compelling the Company to purchase material on higher rate.

It was submitted that the firm subsequently participated in another tender for supply of ACSR Conductor Rabbit and they were awarded the contract being lowest bidder, after approval of BOD in its 68th meeting. The firm has supplied full quantity against this tender within delivery schedule.

The management in the light of repeated notices and failure of the firm to deliver the requisite material, recommended to take either of the following action in accordance with the conditions of the contract:-

- i. Rejection of escalation claim of the firm.
- ii. Cancellation of aforementioned purchase order.

- iii. Forfeiture of Performance Guarantee amounting to 5% of the total amount of balance goods.

It was submitted that the case was submitted to the Technical Committee of the Board and the Committee has also recommended the action against M/S Atlas Cables, as proposed above.

Dr. Asad Sayeed observed that the Committee has examined the case and has observed that the firm has deliberately defaulted to supply the balance quantity of the material on one pretext or the other simply to justify their escalation claim. He, therefore, as a Member of Committee suggested to reject escalation claim of the firm and instead of blacklisting them, their Performance Guarantee be forfeited.

Decision

The Board accepted the suggestion of Honourable Member of the Technical Committee and decided to implement following:-

- i. Rejection of escalation claim of the firm.
- ii. Cancellation of aforementioned purchase order.
- iii. Forfeiture of Performance Guarantee amounting to 5% of the total amount of balance goods.

In the end, Haji Muhammad Yaqoob, Honourable Member of the Board, pointed out that despite decision of the Board, office for Chairman has not been provided so far. He suggested to have an independent Company Secretary. The Board agreed to the suggestion of the Honourable Member. It was submitted by the management that a panel of 03 Grade-19 officers will be proposed to the Board for consideration and approval for nomination of one of them as Company Secretary.


Mr. Rafique Dawood suggested that the Board consider Renewable Energy in particular Wind and Solar. Mr. Dawood informed that he has been working on a 50 MW Wind Power in the corridor near Ghara He suggested that HESCO consider setting up a Renewable Energy department with a Senior Engineer incharge and this department review installing wind turbines and / or Solar for village electrification as a cheaper and faster option to electrify the many villages in the HESCO franchise area.

The Board appreciated the idea and passed the following Resolution "that the CEO establish a Renewable Energy department headed by a Senior Engineer and report to the Board the Terms of Reference for the **department and introduce the Senior Engineer** to the Board".

The above was approved by the Directors with the Chairman in agreement.

Mr. Rafique Dawood suggested that the Board consider advising the CEO to establish communication not only with other DISCO's but also KESC and also with similar sized Distribution Companies internationally. The suggestion was approved for the CEO to consider.

There being no other business to be transacted, the meeting ended with vote of thanks to the chair.

 13-2-12

(NAWAB MUHAMMAD HUSSAIN TALPUR)
CHAIRMAN
BOARD OF DIRECTORS
HESCO HYDERABAD

F/M



SSGC

Sui Southern Gas Company Limited

SALES DEPARTMENT : ST-4/B, Block-14, Sir Shah Hussain Road,
Near Civic Centre, Gulshan-e-Iqbal, Karachi 75500. Tel: 6721130 Fax: 6721599

Sales/NOC-PG-856/2008
May 7, 2008

General Manager
Administration
Supphire Textile Mills Ltd. (Unit-2)
Plot No. A-17, S.I.T.E, Kotri
District Jamshoro

Subject: NOC/Permission to Sell Surplus Power to HESCO from approved
Gas load of 0.905MMCFD for Captive Power Generation
Customer No. 2365851000

This is with reference to your letter dated April 21, 2008.

We are pleased to inform that your request to sell surplus power to HESCO from your approved gas based Captive Power Generation has been approved by the management of SSGC under Ministry of Petroleum & Natural Resources directives vide their letter No. NG(D-7(177)/08 dated April 8, 2008:-

NOC is granted subject to following conditions:

1. This NOC will automatically become invalid if NEPRA withdraws its policy of sale of surplus power to HESCO.
2. All other terms and conditions governing Allocation of gas for Captive Power generation will remain same as mention in our letter Sales/PG-856/07 dated June 25, 2007.

Assuring you of our best services, we remain,

Yours sincerely,

Zeeba Alvi
ZEEBA ALVI
GENERAL MANAGER (SALES)

F/N



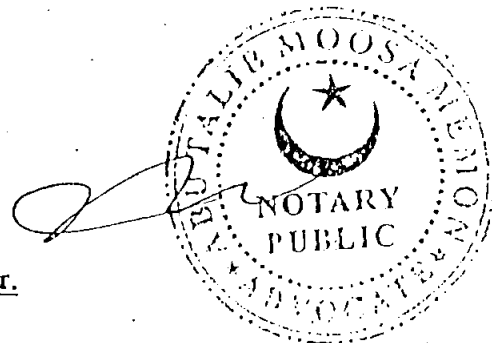
SSGC

Sui Southern Gas Company Limited

Sales/NOC/Mekotex

08 September 2011

Mr. M Shoaib Majeed (Director)
M/s Mekotex (Pvt) Limited
Plot No. 495, 501 & 504 Dch Landhi
Main National Highway
Karachi,
Pakistan.



Subject: Transfer of NOC to sell Surplus Power.

This refers to your request on the subject noted above.

We are pleased to inform that your request for transfer of NOC from M/s Sapphire Textile Mills Limited to M/s Mekotex (Pvt) Ltd has been approved by the management on following conditions:

- If due to any reason / during any audit it is observed that gas is not being used for the purpose for which allocation of gas was made, SSGC reserves the right to withdraw gas allocation / NOC granted for sale of surplus gas.
- This NOC will automatically become invalid if NEPRA / Ministry of Petroleum and Natural Resources withdraws its policy of sale of surplus power to HESCO or Power (Electricity) Distribution Companies.
- That all the terms and conditions governing Allocation of gas for Captive Power generation mentioned in Sui Southern Gas Company Limited's letter bearing reference no. Sales / PG-856/07 dated 25 June 2007 shall apply mutates mutandis. Copy enclosed for ready reference.

Assuring of our best services, we remain,



Yours sincerely,

Muhammad Ahmed Siddiqui
A/ General Manager (Sales)

POWER PURCHASE AGREEMENT

BY AND BETWEEN

HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO)

AND

MEKOTEX (PRIVATE) LIMITED

RELATING TO

A 4.0 MW (NET) POWER GENERATION COMPLEX

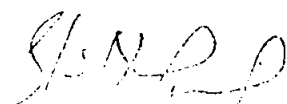

AT

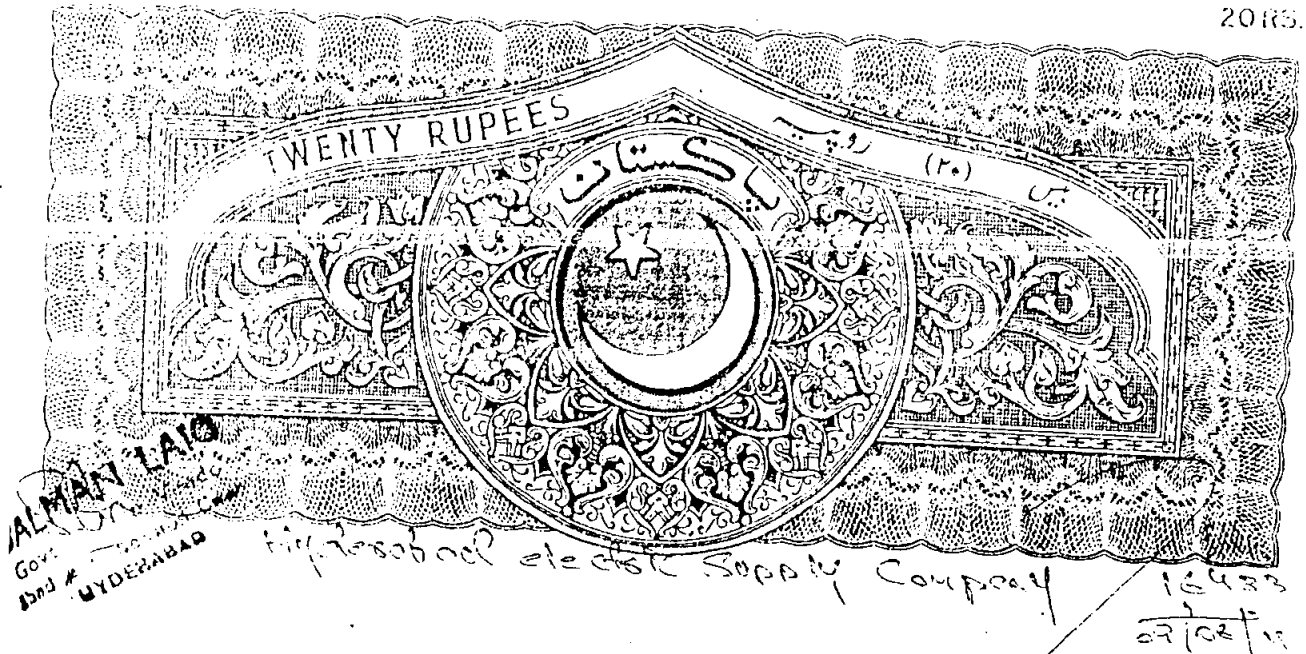
M/S MEKOTEX (PRIVATE) LIMITED D-15 SITE KOTRI

MADE AT

HYDERABAD PAKISTAN

ON JUNE 10th 2011





POWER PURCHASE AGREEMENT

This Power Purchase Agreement is made and entered into as 10th day of JUNE 2011 at Hyderabad, Sindh, Pakistan in pursuance of notification No. GM/CPPA/F-22/1459-72 dated 23-08-2008 and Chief Engineer (CPPA) memo No. CPPA/ DT-II/F-144/4999-5001 dated. 09.06.2011

BETWEEN

- 1) **Hyderabad Electric Supply Company Limited Hyderabad**, a public limited Company established under the laws of Pakistan, with its principal office at Hyderabad Sindh Pakistan and its successors and assigns of the one part hereinafter called "Power Purchaser"

AND

- 2) **M/s Mekotex (Private) Limited**, Plot No. D-15 S.I.T.E Kotri, District Jamshoro a Private limited Company incorporated under the laws of Pakistan with its principal office at Plot No. 495, 501 & 504 Deh Landhi, Main National Highway, Karachi Pakistan. The plant previously owned by M/s Sapphire Textile Mills Limited was supplying successfully 4.00 MW Power to HESCO, the same plant will continue with new sponsor named M/s Mekotex (Private) Limited on same plot No.D-15 and its permitted successors and permitted assigns of the other part hereinafter called "Company"

Both the Power Purchaser and the Company shall hereinafter also be referred to individually as "the Party and collectively as "the Parties"

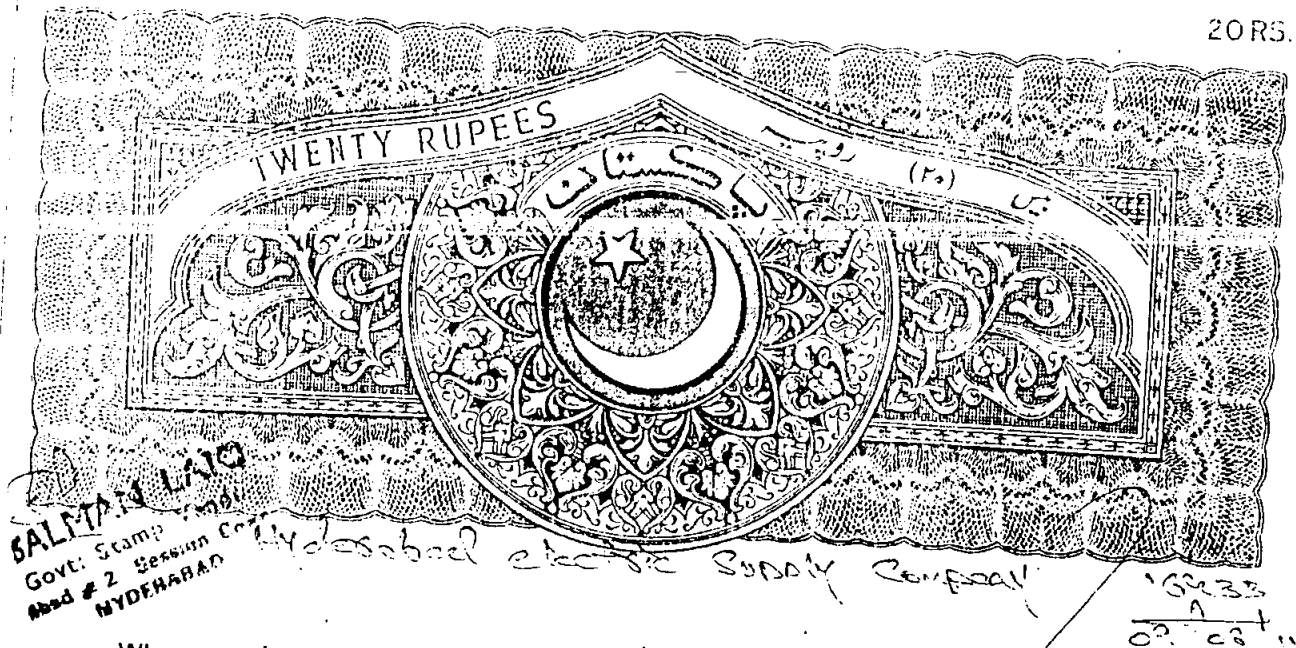
WHEREAS the Company will sell and the power purchaser will purchase from the Company electrical energy on the terms and conditions set here-in-forth, pursuant to Generation license issued from by NEPRA. Provided, however, if the company has not obtained generation license from NEPRA it can sell electrical energy to the Power Purchaser from the date of filling an application to NEPRA for grant of Generation License.

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations, warranties, conditions and premises herein contained and intending to be legally bound the Company and the Power Purchaser hereby agree as follows:-

[Signature]

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[Signature]



Wherever the following capitalized terms appear in this agreement, they shall have the meanings stated below:

"Back up Metering System" all meters and metering devices to be procured installed and tested by the Power Purchaser. The accuracy class of meters shall be 0.5.

"Billing Cycle"- (i) The period starting from 12:00 hours of the first day of each month up to 12:00 hours of sixteenth day of the each month and (ii) the period starting from 12:00 hours of sixteenth day of each month up to 12:00 hours of first day of the following month.

"Company:" - M/s Mekotex (Private) Limited, Plot No. D-15 S.I.T.E Kotri, District Jamshoro a private limited company incorporated under the laws of Pakistan with its principal office at Plot No. 495, 501 & 504 Deh Landhi, Main National Highway, Karachi Pakistan and its permitted successors and permitted assigns.

"Fixed Cost Components": - The tariff component payable @ Rupees 1.53 per KWh delivered, by the company which includes but not limited to O & M cost tax on income of the Company, insurance cost, return on investment, duties, etc. This component will remain fixed effective from 01.01.2009 vide CPPA notification No. Gm/CPPA/F-22/80-104 dated 05.01.2009" and / or as advised by CPPA (WAPDA/ PEPCO) for further period" and at par with Fixed Cost Component allowable to other Generation facility (s) , already supplying power to distribution companies through bilateral contracts.

"Gas Cost Component": - The tariff component payable @ Pak Rupees 2.89 per kWh delivered by the company based on the references Gas Price and as adjusted from time to time for gas price movements only.

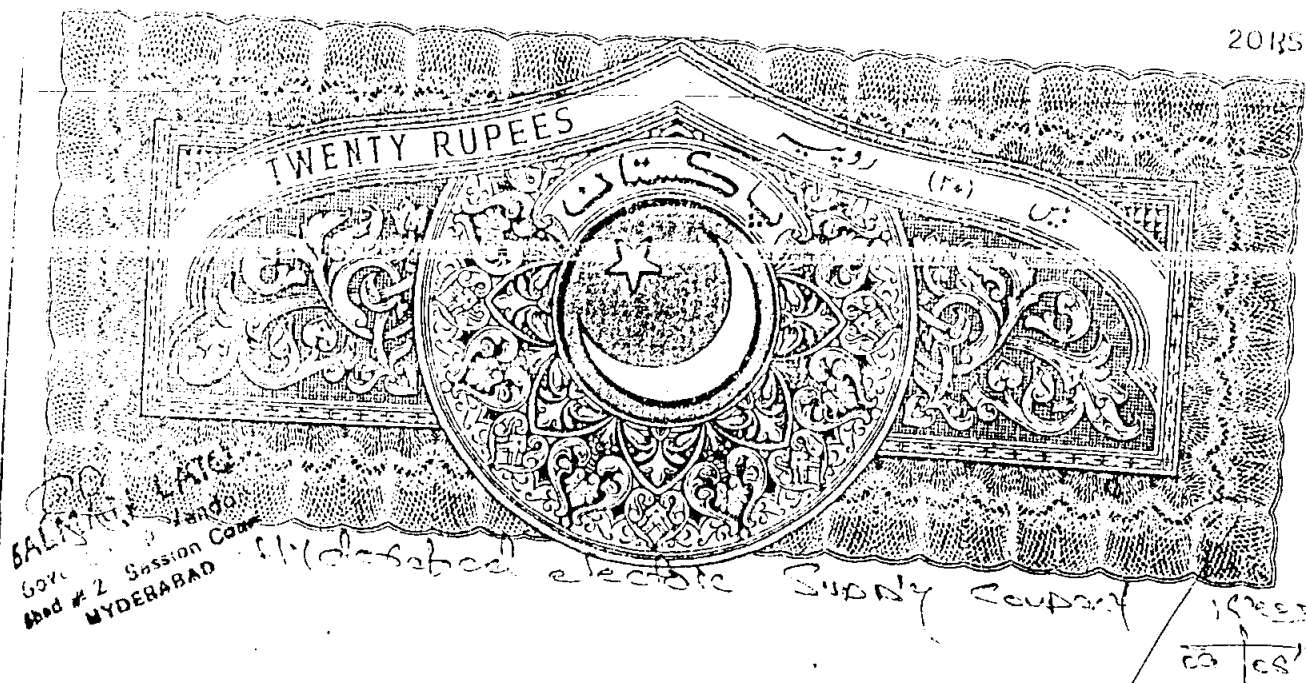
"Gas Price":- The price of pipeline quality Gas delivered at the Generation Facility excluding General Sales Tax applicable for the Billing Cycle as notified by OGRA.

"GCC" - Stands for Gas Cost Component.

"GP" - Means the Gas Price of pipeline quality gas notified by OGRA from time to time.

"Generation Facility" - Means the generation facility or part thereof located on site having installed capacity "4.00" MW Gas based and earmarked to deliver electrical energy to the power purchaser under this agreement.

"Generation License" - The permission granted by NEPRA to the Company for generation and supply of electricity to Hyderabad Electric Supply Company Hyderabad.



"Interconnection Point" The physical point(s) where the Generation Facility and the 11kV System of the Power Purchaser is connected i.e. at the respective outgoing 11kV feeder breaker of the generation facility at which the transfer of the net electrical output occurs through;

- a) Independent radial feeder(s) isolated from any other 11kV System of the generation facility;

Or"

- b) Synchronization of 11kV of the Generation Facility with 11kV system of the Hyderabad electric supply company, Hyderabad but isolated from any other 11kV system of the Generation Facility;

"Metering Point" - The 11kV outgoing breaker panel/metering panel installed in the control room of the Generation Facility.

"Metering System" - All existing meters and metering devices available at the metering point of the Generation Facility of the Company shall be used for recording of electrical energy to be supplied to power purchaser. The accuracy class of meters shall be 0.5. The Power Purchaser may check /recalibrate the metering systems at appropriate intervals at its own cost.

"NEPRA" - The National Electric Power Regulatory Authority established by the regulation Transmission and Distribution of Electric Power Act 1997 (XL of 1997) and any successor or substitute regulatory agency with authority and jurisdiction over the electricity sector in Pakistan

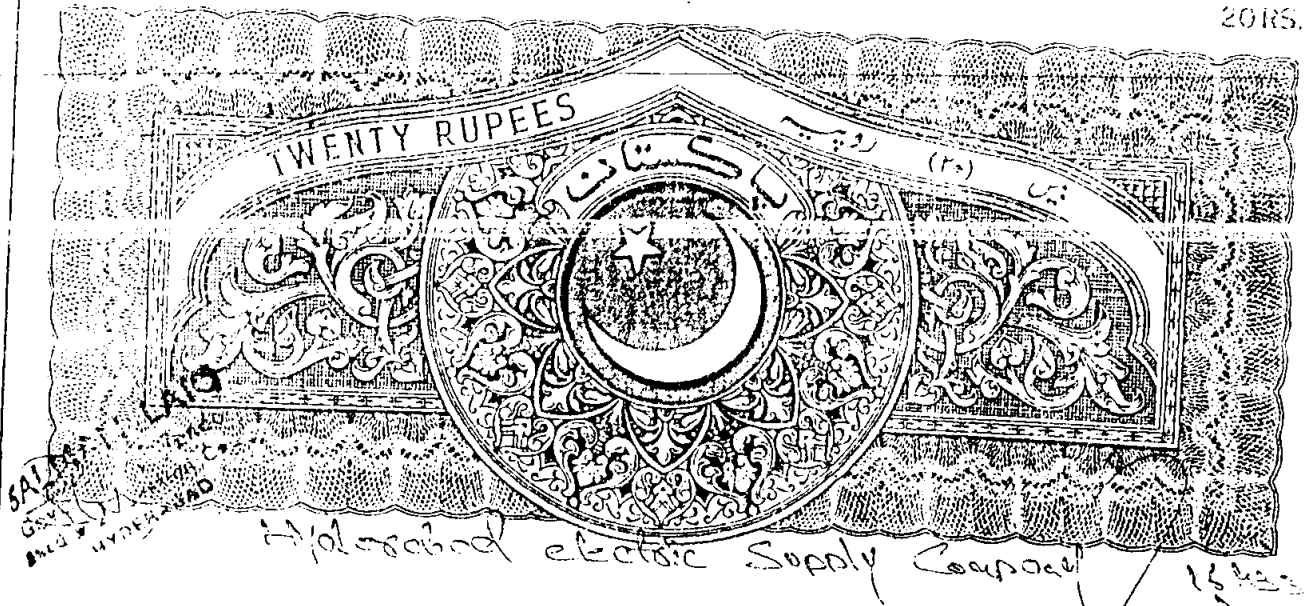
"OGRA" - Means the Oil and Gas Regulatory Authority of Pakistan

"Power Purchaser" - Hyderabad Electric Supply Company, Hyderabad a public limited company established under the laws of Pakistan, with its principal office at Hyderabad, Sindh Pakistan and its successors and assigns.

"Prudent Electrical Practices" - The use of equipment, practices or methods, as required to comply with applicable industry codes, standards and regulations in Pakistan (i) to protect the grid system, employees, agents and customers from malfunctions occurring at the Generation Facility and (ii) to protect the Generation Facility and the company's employees and agents at the Generation Facility from mal Functions occurring on the grid system.

(Signature)

(Signature)



Prudent Electrical Practices are not limited to optimum practices, methods or acts to the exclusion of all other but rather are a spectrum of possible practices, Methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety

"Prudent Utility Practices" - Those practices, methods and procedures conforming to safety and legal requirements which are attained by exercising that degree of skill, diligence, prudence and foresight which would reasonable and ordinarily be expected from a skilled and experienced generator of electricity engaged in the same or similar type of undertaking or activity under the same or similar circumstances and conditions to those pertaining in Pakistan and satisfying the health, safety and environmental standards of reputable international electric generation companies. Prudent Utility Practices are not limited to optimum practices, methods or acts to the exclusion of all others but rather are a spectrum of possible practices methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety.

"Reference Gas Price" - The price of the pipeline quality gas i.e. Rs: 238.38 per MMBTU (HHV) excluding general sales tax (GST)

"Reference Price" - The Reference Price for the purpose of this agreement is Pak Rupees 4.42 per kWh delivered on 11kV which consists of Fuel Cost Component i.e. Pak Rupees 2.89/kWh delivered based upon Reference Gas Price and Fixed Cost Component of Pak Rupees 1.53/kWh delivered excluding General Sales Tax (GST). Fuel Cost Components is adjustable from time to time as per formula given in clause 'h' of the agreement.

"Take-and-Pay Basis" - Means the basis on which Power Purchaser will pay to the company, the Fuel Cost Component and the Fixed Cost Component against the delivered kWh only.

The Parties further agree that:

- a) The term of this agreement is **"Two"** years, from the signing of the agreement which can be extended by mutual consent of the parties.
- b) The Generation Facility shall not supply electrical energy produced on fuel other than that agreed between the parties **"as agreed on Gas Based Generation"**
- c) The Company shall sell and the power purchaser shall purchase the electrical energy at the Reference Price.

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AL-KHAYAT
Govt. of Sindh
Road # 2, G-30/1, G-30/2
HYDERABAD

Hyderabad Electric Supply Company

d) The Company will provide up to "4.0" MW of power on take and pay basis at Voltage of 11kV and at 50 Hz frequency with a tolerance of +/- 5% in nominal voltage and +/- 1% in nominal frequency. The quality of electrical energy shall be ensured by the company through installation of necessary equipment required as per Prudent Electrical Practices and Prudent Utility Practices.

e) The cost of connectivity either on [11kV, 66kV or 132kV] will be borne by the Power Purchaser.

f) The Company shall provide access and facilitate the authorized representative(s) of the Power Purchaser to the control room of the power plant to monitor the Metering System and Interconnection Point relating to Power dispatch.

g) The meter reading will be recorded by Power Purchaser's authorized persons in the presence of the company's representative as per Billing Cycle and the Company will submit its energy invoice accordingly

h) The Company will provide documentary evidence for the rates of the pipeline quality gas as notified by OGRA for WAPDA power stations. The Fuel Cost Component will be adjusted for any increase or decrease in the Reference Gas Price during the Billing Cycle according to the formula:

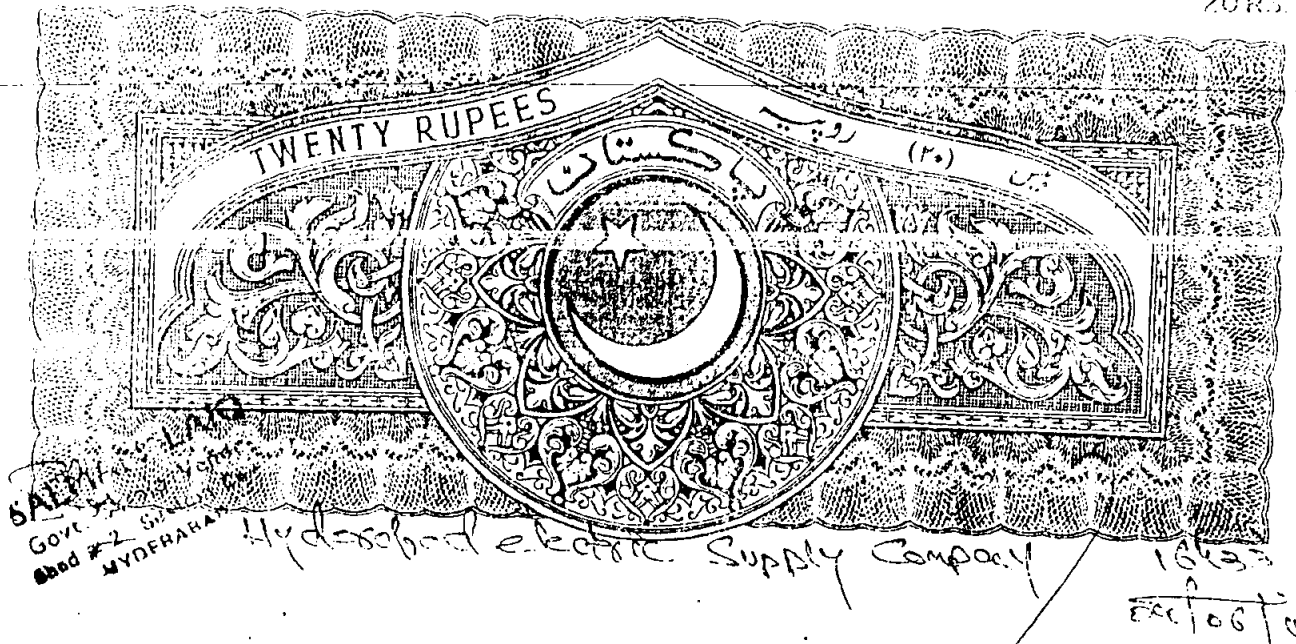
$$GCC (rev) = GP (rev)/GP (ref) * GCC (ref)$$

Where

GCC (rev) = Gas Cost Component applicable for the Billing Cycle
 GP (rev) = Revised gas price, excluding general sales tax applicable for the Billing Cycle as notified by OGRA for WAPDA power Stations
 GP (ref) = Rs: 238.38/MMBTU (HHV)
 GCC (ref) = Rs. 2.89/KWh

i) The Company will submit one (1) original invoice with three (3) copies to Power Purchaser along with OGRA notification of gas price of the Billing Cycle and Meter reading. The Power Purchaser will make payment against each invoice submitted by the company "within 15 working days" from the date of receipt of the invoice by the Power Purchaser. If the Power Purchaser fails to make the payment by due date then the Power Purchaser will pay to the company late payment surcharge up to a maximum of 1% (one percent), per month. In the event of non-payment by Power

C. PERA



Purchaser for two (2) consecutive Billing Cycles, the Company reserves the right to discontinue the power supply.

- j) (a) All notices and other communications required or permitted to be given by a Party shall be in writing and either delivered personally or by courier or sent by facsimile to the address or number of the other party specified below:

i) If to the Power Purchaser:

Attention: Chief Executive Officer, HESCO Hyderabad
Facsimile Fax No 022-9260361

With a copy to:

Attention: Chief Engineer (P&E) HESCO Hyderabad
Facsimile Fax No 022-9260361

ii) If to the Company:

Attention: Chief Executive Officer, M/s Mekotex (Private) Limited,
Office at Plot No. 495, 501 & 504 Deh Landhi, Main National Highway
Karachi.
Facsimile: Fax No 021-35018298

With a copy to:

Attention: Director, M/s Mekotex (Private) Limited, SITE, Kotri.
Facsimile: Fax No 022-3870519

Provided that a Party may change the address to which notices are to be sent to it by giving not less than thirty (30) days prior written notice to the other party.

- (b) No Notice or other communications shall be effective until received or deemed received. Notices or other communications shall be deemed to have been received by the receiving party:

CENRP

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[Handwritten signature]

SALIENT
Govt. of India
Min. of Power
Hyderabad

Hyderabad Electric Supply Company

1643
27/05/13

- i) When delivered if personally delivered:
 - ii) One (1) business day after sending. If sent by courier: or
 - iii) Upon sending if sent by facsimile, subject to confirmation of an uninterrupted transmission report and provided that a hard copy is dispatched not later than the following business day to the recipient by courier or personal delivery.
- k) The Power Purchaser may install the Back up Metering System with meters of 0.5 accuracy class in the metering room at Company's premises. Parties agree that, in case of doubt by any party about the accuracy of Metering System the recording of the Back Up Metering System or any other mutually agreed arrangement may be adopted. In the event of complete or partial damage to the Metering System the same shall be replaced. Such replacement shall be at the sole option of the Power Purchaser and at its expense. On the initial or any subsequent replacement (s) of the Metering System the Power Purchaser shall have the right to affix seals on the tested and calibrated meters but in the presence of Company's authorized representatives
- l) If either of the Metering System(s) differs from the other by an amount greater than One-Half of one percent (0.5%), the Power Purchaser shall test the accuracy of the Metering System and recalibrate the Metering System. If the Metering System is found to be in order, the Company shall be bound to test and calibrate the Back up Metering System to the satisfaction of the Power Purchaser. Either Party shall give prior notice, not less than forty eight (48) hours to conduct such tests.
- m) The Company will provide its maintenance schedule to the Power Purchaser so as to ensure stable and reliable supply to Power Purchaser's network.
- n) Company will serve at least a 48 hour notice to the Power Purchaser regarding any planned shut down. The Company has right to immediately disconnect the power supply to the Power Purchaser in the event of any electric load shedding of its affiliates, maintenance of engine of affiliate mills, break down of machineries in the Generation Facility and will intimate to Power Purchaser.
- o) In case of a permanent fault on any feeder, the Company will inform the Power Purchaser immediately and the Company will switch on the feeder, only after

[Signature]

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GOVT. # 2
HYDERABAD

Hyderabad Electric Supply Company

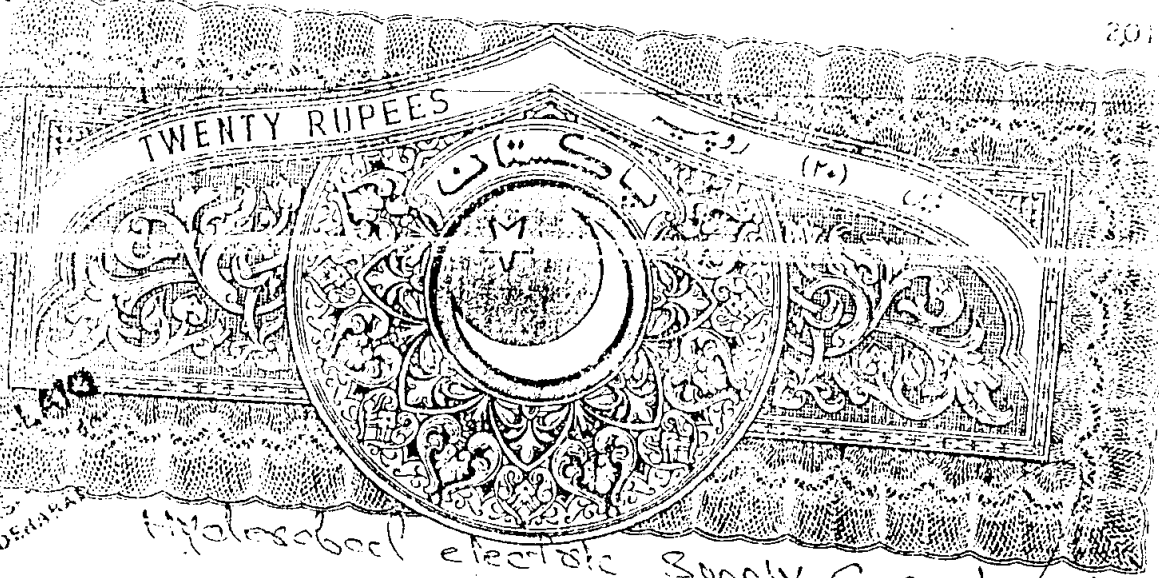
16/03/15
22/03/15

- obtaining the clearance certificate from an authorized person nominated by Power Purchaser.
- p) The Company will immediately inform Power Purchaser about power supply failure due to defect/mal-operation of the Generation Facility.
- q) Either Party shall be responsible to adopt all safety measures according to the Prudent Electrical Practices on respective sides of the Interconnection Point.
- r) If at all mutually agreed, the total or partial power off-take could be on a higher distribution voltage level other than 11kV. In that case, the parties agree as follows:
- i. The cost of up-gradation will be to the Power Purchaser's account. However, initially the Company will finance the up-gradation scheme. The cost of up-gradation, so incurred by the Company, will be paid back to the Company in five years, through ten (10), half yearly equal installments, without mark-up, commencing after one month from the commercial operation date. "As such the assets purchase will be transferred & thus become the asset of HESCO as soon as HESCO receive the claim of amount against such purchase".
 - ii. The connectivity arrangements can be built through one of the following options.
- Option-I
- Company will manage construction of the up-gradation scheme at its level but with the consultancy services General Manager Services NTDC.
- Option-II
- Company will deposit with NTDC/DISCO the estimated amount, prepared by NTDC/DISCO for construction of connectivity arrangements on turn key basis by NTDC/DISCO.
- s) In case of a premature termination of contract, the remaining cost of up-gradation shall be immediately reimbursable in to and all the up-gradation equipment (s) shall become the property of Power Purchaser.

PKN

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SALVAGE
Govt # 2-3
Hyderabad



- t) In the event that dispute arises, the parties shall attempt in good faith to settle such dispute through their Chief Executive Officers (CEOs) by mutual discussion (s) within thirty (30) days after date that the disputing party delivers written notice of the dispute to the other party.
- u) The Party reporting the existence of a dispute shall give to the other party written notices setting out the material particulars of the dispute in the written notice chief Executive Officer (CEOs) of each party shall meet in Hyderabad, Sindh Pakistan to attempt in good faith to resolve the dispute
- v) In case the dispute is not resolved within thirty (30) days after the date of receipt of notice described in section (u) by the relevant party (or within such longer period of time as the parties may agree), any party may initiate arbitration proceedings under the Arbitration Act 1940 and the jurisdiction in such cases would be that of the relevant court in Pakistan.
- w) The arbitration shall be conducted in Hyderabad Sindh Pakistan
- x) Either Party can terminate this agreement by giving a three month advance notice. There will be no liability on any party except the payments due to either party prior to termination of the agreement.
- y) Except as specifically provided elsewhere in this Agreement, the Power Purchaser shall indemnify and defend the power Company, for itself and as trustee for its officers directors and employees against and hold the company its officers, directors and employees harmless from at all times after the date here of any and all losses incurred suffered sustained or required to be paid directly or indirectly by or sought to be imposed upon the Company.
- z) Except as specifically provided elsewhere in this agreement, the Company shall indemnify and defend the power Purchaser, for itself and as trustee for its officers, directors and employees against, and hold the power Purchaser, its officer,
- aa) Except as specifically provided elsewhere in this agreement, the Company shall indemnify and defend the Power Purchaser, for itself and as trustee for its officers, directors and employee against, and hold the Power Purchaser, its officers, directors and employees harmless

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HYDERABAD

Hyderabad Electric Supply Company

from, at all times after the date hereof, any and all loss, incurred, suffered, sustained or required to be paid, directly or indirectly, by, or sought to be imposed upon, the Power Purchaser.

ab)

All permissions, consents required by the company from different agencies such as NEPRA etc. will be arranged through joint efforts of the Company and Power Purchaser. The cost incurred in this regard will be borne by the Company.

ac)

This Agreement may be executed in two (2) counterparts and each counterpart will be deemed an original instrument but both the counterparts together will constitute one Agreement

IN WITNESS whereof the Parties hereto have signed this agreement on the day and year first above written:

ON BEHALF OF

ON BEHALF OF

Hyderabad Electric Supply Company
(HESCO), Hyderabad

M/s Mekotex (Private) Limited
Plot No. D-15, S.I.T.E., Kotri.

Chief Executive Officer
HESCO Hyderabad
**CHIEF EXECUTIVE,
(HESCO), HYDERABAD**

Muhammad Khalid
Chief Executive Officer



WITNESSES
CHIEF ENGINEER (P&E)
HESCO, HYDERABAD.

WITNESSES
For MEKOTEX (PVT) LTD

Director

**WORKING SHEET CIRCUIT-WISE DETAIL OF K.W.H / K.W
RECORDED AT C.D.Ps IN RESPECT OF HESCO HYDERABAD
FOR THE MONTH OF AUGUST-2011**

1 C.D.Ps between H.T.D.C AND HESCO

Name of Grid Station	P/Trf:	K.W.H		K.W	
	T/Line	Import	Export	Import	Export
500 KV DADU	DDN-4	37990000	0	82812	0
500 KV Jamshoro	T-3	45595624	25199	112800	10500
	T-7	44719584	1359648	146030	60820
	T-6 Starting/Aux: Tra: at JPCL	0	1830000	0	12240
220 KV Hala Road Hyderabad	T-1	56220000	0	134240	0
	T-2	59010000	0	134740	0
	T-3	58440000	0	130000	0
Auxiliary	-	0	33498	0	45
220 KV T.M Khan Road Hyderabad	T-1	55160000	0	140000	0
	T-2	66820000	0	130740	0
	Auxiliary	0	20848	0	28.02

2 Ps between GENCO AND HESCO

Name of Grid Station	P/Trf:	K.W.H		K.W	
	T/Line	Import	Export	Import	Export
Delivery through G.T.P.S Kotri GENCO-I	KTR-9	730000	0	32962	0
	KTR-11	9447000	0	40960	0
	KTR-12	2036000	11000	2736	15
	KTR-13	10411000	739000	17950	7600
	KTR-14	7183000	2023000	10450	14450
	T-1	0	0	0	0
Delivery through Lakhra Power House GENCO-IV	JMS-1	571000	6125000	11500	66000
	JMS-2	498000	5259000	9935	38125
	JMS-3	23013000	0	79875	0

3 C.D.Ps between HESCO and KESC

LOCATION	CIRCUIT	K.W.H		K.W	
Name of Grid Station		Import	Export	Import	Export
132 KV Thatta	132 KV Thatta - Charo	0	0	0	0

4 C.D.Ps between HESCO and SEPCO

LOCATION	CIRCUIT	K.W.H		K.V	
Name of Grid Station		Import	Export	Import	Export
132KV Bhan Saeedabad	BSA-2	300	9727100	2.48	13074
132 KV Kazi Ahmed,	KZA-I	0	5270400	0	7083
Sub-Total 1, 2, 3, 4		477844308	32423693	1217732.5	229980.02

5 C.D.Ps between HESCO and S.P.Ps

Delivery through Haji Ismail Tax: Mill P/H Kotri		1476760	176	0	0
Delivery through Sapphire Tax: Mill P/H Kotri.		2789168	88	0	0
Delivery through Anoud Tax: Mill		7585488	976	0	0
Delivery through ZORLU Wind Power Energy Jhumpir		432000	0	0	0
AGAR Tax: Mill Kotri		1035468	0	0	0

ABSTRACT

	IMPORT	EXPORT	DIFFERENCE
TOTAL K.W.H UNITS	491,163,392	32,424,933	458,738,459
TOTAL MDI	1,217,732	229,980	987,752

DISCO - WISE DEMAND AND DEMAND AT INTER CONNECTION POINT (MW)

Description		HESCO
System Demand (peak) 2006 to 2007	Demand at Inter Connection Point	1231
	Load Shedding	214
	Peak Demand	1445
System Demand (peak) 2007 to 2008	Demand at Inter Connection Point	1229
	Load Shedding	825
	Peak Demand	2054
System Demand (peak) 2008 to 2009	Demand at Inter Connection Point	1503
	Load Shedding	506
	Peak Demand	2009
System Demand (peak) 2009 to 2010	Demand at Inter Connection Point	1446
	Load Shedding	483
	Peak Demand	1929
System Demand (peak) 2010 to 2011	Demand at Inter Connection Point	1398
	Load Shedding	599
	Peak Demand	1997

NOTE: Load shedding (MW) Figures Constitute of "Schedule Load Management + Forced Shedding.

INFORMATION ABOUT GENERATION CAPACITY UNDER PROPOSED PROCUREMENT REQUEST					
M/S MEKOTEX (PVT) LIMITED.					
Description	Generator-1	Generator-2 & 3	Generator-4	Generator-5	
Capacity MW	1 x 1.005 MW	2 x 0.965 MW	1 x 1.02 MW	1 x 1.110 MW	= 5.06 MW
Technology	CATERPILLER Gas Fired				
Fuel	Natural gas				
Weather forms part of least cost plan	No				
Availability of Power / Energy	4.0 MW				
Year of Commissioning	June 2011				
Location	Site Kotri				
Proposed Grid for interconnection	132 KV Grid Station Site Kotri				
Approximate Distance	2.7 KM				
Augmentation required in Grid	No				
Augmentation required in transmission network	No				
Estimated costs of augmentation required in the transmission network	N.A				
Steps taken or required for transmission augmentation	N.A				
Any other information	The generation facility interconnected with 11 KV NG-5 Feeder for dispersal of the evacuated power from M/s Mekotex (Pvt) Limited to 132 KV Grid Station Site Kotri to cater Industrial load only.				

Summarize: Total Capacity proposed to be procured over the period (MW)

Year-1 ----- 4.0 MW

Year-2 ----- 4.0 MW

- Gas fired
- Indigenous fuel
- Power Procurement would be an economic one and would not adversely affect the transfer price/power purchase of HESCO. Transmission network due to Power Generation of 4.0 MW will not be affected
- Voltage level 11 KV Capacity
- Name of Grid Station: 132 KV Grid Station Site Kotri
- Not applicable



National Transmission & Despatch Company

Tel. Pbx : (042) 9202211, Ext.2106
Tel: (042) 9204045
Fax: (042) 9203996

OFFICE OF THE
CHIEF OPERATING OFFICER
CENTRAL POWER PURCHASING AGENCY
107- WAPDA HOUSE, LAHORE

No. CPPA/MT-III/F-144/ 9268-72

NOTIFICATION

Dated: 27/10/2011

it is notified for the information of all the stakeholders that:-

- (i) Upon entering into Power Purchase Agreement (PPA) on 10.06.2011 by Hyderabad Electric Supply Company (HESCO) with M/s Mekotex (Pvt) Limited for purchase of 04 MW Gas-Based power at 11kV on take-and-pay basis for a term of two (2) years from its Generation Facility situated at Plot NO.D-15, S.I.T.E, Kotri, Sindh, Managing Director PEPCO has allowed inclusion of cost of purchase of said power in the Overall Energy Transfer Rate (ETR) of CPPA on the terms and conditions and following tariff agreed in the PPA dated 10.06.2011 between the Parties:-

Tariff

- o Gas Cost Component/delivered kWh = Rs.2.89
- o Fixed Cost Component/delivered kWh = Rs.1.53 (Revised)
- o Net Cost/delivered kWh = Rs.4.42

Indexation

The reference fuel cost/delivered kWh i.e. Gas Cost Component will be Rs.2.89 at Reference Gas Price of pipe line quality, natural gas i.e. Rs 238.38/MMBTU. This component will be indexed with the price variation of pipe line quality, natural gas notified by OGRA from time to time.

- (ii) CPPA's Notification bearing No.GM/CPPA/F-48/1558-63, dated 28.08.2008 together with its Corrigendum bearing No.GM/CPPA/F-48/1952-54, dated 27.09.2008, notifying approval of Managing Director PEPCO for inclusion of cost of purchase of 4MW Gas-based power by HESCO from M/s Sapphire Textile Millis Limited, is hereby withdrawn forthwith.

This issues with the approval of Managing Director PEPCO.

Copy to:-

1. Managing Director (PEPCO), 723- WAPDA House, Lahore
2. Chief Executive Officer, HESCO, WAPDA Offices Complex, Hussainabad, Hyderabad. It is requested that HESCO may ensure that (a) M/s Mekotex (Pvt) Limited have obtained Generation License from NEPRA clearly indicating name of Power Purchaser as HESCO under SPPs/CPPs Policy (b) HESCO has filed a Power Acquisition Request to NEPRA as per NEPRA Interim Power Procurement (Procedures & Standards) Regulations 2005 and NEPRA has granted permission in this respect accordingly.
3. Dy. General Manager Finance (CPPA), 107-WAPDA House, Lahore.
4. P.A to Chief Operating Officer (CPPA), 107-WAPDA House, Lahore
5. Director, M/s Mekotex (Private) Limited, Plot No.495, 501 & 504, Deh Landhi, Main National Highway, Karachi.

PEAK LOAD JANUARY 2011

Demand ----- 851

Area Generation ----- 690

Balance ----- **-161**

HESCO (Hyderabad)

PEAK LOAD JANUARY 2011
(GENERATION DESPATCH)

Jamshoro -----	525
Kotri -----	134
<u>Lakhra -----</u>	<u>31</u>
<u>HESCO Gen.</u> <u>(Hyderabad)</u>	690