

6th April 2018

Iftikhar Ali Khan
Director Registrar Office,
National Electric Power Regulatory Authority,
NEPRA tower,
Attaturk Avenue (East), G-5/1,
Islamabad.

Copy to: K-Electric

Subject: APPLICATION FOR CHANGE IN FUEL FROM NATURAL GAS TO RLNG

Dear Sir,

This is further to our letter dated 29th March 2018.

We refer to revised clause 3.3 of the PAC advised in your letter No. NEPRA/C(Hydro)/PAR-168/4860 dated 26 March 2018 which is a follows:

"The fuel for the Facility shall be indigenous natural gas. In the event that the supply of indigenous gas to the Facility is discontinued 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 RLNG as fuel and for determination of a new fuel price for RLNG and a revised thermal efficiency as determined by NEPRA."

We would like to submit that Sui Southern Gas Company Limited (SSGC) has informed LCPL vide letter no. Sales/RLNG/PG-1421 dated 22 November 2017 (copy attached) that from December 2017 onwards, LCPL will be billed on RLNG tariff for use of fuel for generation of surplus power to sell to K Electric.

As informed by SSGC and advised by NEPRA under revised clause 3.3 of the PAC, we hereby seek your permission to use RLNG as fuel to generate surplus power to sell to K Electric. Please note that as per understanding with SSGC there will be no change in our gas quality or connection, simply the additional gas drawn for the sale of power will be swap gas which will be billed at RLNG price. Therefore, thermal efficiency will remain the same.

Senior Advisor Tariff-1
 Dy. No. 3282
 Date: 11-4-18

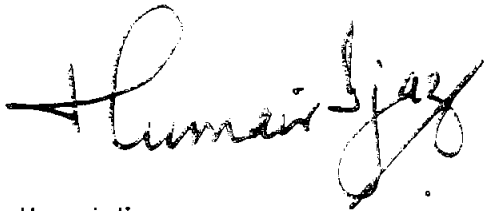
Registrar
 Dy. No. 2659
 Dated: 10-04-18

We are enclosing herewith the following:

1. Copy of letter dated 26 March 2018 from NEPRA (Annexure I).
2. Copy of letter dated 22 November 2017 from SSGC (Annexure II).
3. Revised fuel (RLNG) cost component calculations (Annexure III).
4. Consent letter from K Electric with regard to use of RLNG as fuel to generate power for sale to K Electric (Annexure IV).

We look forward to your support to expedite the approval for using RLNG to generate surplus power to sell to K Electric.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Humair Ijaz', written in a cursive style.

Humair Ijaz
Chief Executive

RECEIVED
LOTTE CHEMICAL PAKISTAN LTD.

Sui Southern Gas Company Limited

Sales / PLNG/PG-1421
22 November 2017

M. Adnan Samdani
Director Finance & Company Secretary
Lotte Chemical Pakistan Limited
Plot No. EE17 P-4 Eastern Industrial Zone
Bin Qasim
Karachi

Subject: Supply of 3.6 MMCFD RLNG for Power Generation

Dear Sir

Please refer to allocation of 3.6 MMCFD RLNG on "as and when available Basis" to M/s Lotte Chemical Pakistan Ltd (LCP) limited by Ministry of Petroleum & Natural Resources vide Letter No. NG (N) 16/2016 RLNG-PP-PT-5 dated 16 March 2016

Subsequently your request for issuance of NOC / permission to sell surplus power to K-Electric from approved load of 9 MMCFD was acceded by SSGC vide Letter No. Sales/NOC-PP-1421 dated 15 November 2016 subject to condition that you will take / utilize RLNG for the net surplus power generation

SSGC is now offering RLNG to its customers in the franchise area and formalities for supply of RLNG to respective customers / applicants are being completed.

M/s Lotte Chemical Pakistan Limited would be billed for a volume of 3.6 MMCFD on RLNG tariff as of the previous approved indigenous gas load of 9 MMCFD

In view of the NOC issued to LCP Ltd from December 2017 onwards 3.6 MMCFD will be billed on RLNG tariff and remaining volume will be billed on indigenous gas.

The details are forwarded for your reference please

Yours sincerely,

Yours sincerely,

Afeef Ahmed
AGeneral Manager (Sales)

Lotte Chemical Pakistan Limited
Revised Fuel Cost Component based on RLNG usage.

RLNG price per MMBTU as per PAR	US\$	8.63
Reference PKR - USD Exchange rate	PKR/US\$	106
RLNG price per MMBtu	PKR	915
Net Thermal Efficiency LHV (as per NEPRA determination)	%	38%
LHV-HHV Factor		1.1076
Heat rate		9,948
Revised Fuel Cost Component	Rs/kWhr	9.10



April 6, 2018
BD/AR/LCPL-0227/2018-0604

Mr. Humair Ijaz
Chief Executive
Lotte Chemical Pakistan Limited (LCPL)
Al-Tijarah Centre, 14th Floor,
32/1-A, Main Shahrah-e-Faisal,
Block 6, P.E.C.H.S, Karachi

Subject: Application for Change in Fuel from Natural Gas to RLNG

Dear Mr. Ijaz,

Based on our recent discussion in light of letter no. Sales/RLNG/PG-1421 dated 22 November 2017 received from SSGC, and the direction of NEPRA vide letter no. letter no. NEPRA/C (Hydro)/PAR-163/4860 dated 26 March 2018, we hereby provide our consent to you to make an application to NEPRA for change of fuel from gas to RLNG for sale of surplus power to KE.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adnan Rizwi', written over a horizontal line.

Adnan Rizwi
Director, Commercial & Regulatory