



PAKISTAN ELECTRIC POWER COMPANY (PVT.) LIMITED

**LAKHRA POWER GENERATION COMPANY LIMITED**

150 MW POWER STATION DADU ROAD, DISTRICT JAMSHORO

Phone No. 022-9210027 & Fax No.022-9210024

PABX Nos. 022-9210021-23

E-mail: [genco4@yahoo.com](mailto:genco4@yahoo.com)



**Chief Executive Officer**

No.CEO/FD/LPGCL/TARIFF/ **689**

Dated: **05-11-2010.**

→ **Syed Safer Hussain,**  
Registrar,  
National Electric Power Regulatory Authority,  
2<sup>nd</sup> Floor OPF Building,  
Shahrah-e-Jumhuriate,  
G-5/2,  
Islamabad.


Subject: **Petition for Determination of Tariff.**

Reference: - Your letter No. NEPRA/R/TRF-167/TRF-2010/3243, dated 22-10-2010.

This is in continuation of our letter No.CEO/FD/LPGCL/TARIFF/589, dated 18-10-2010  
kindly find enclosed herewith the following:

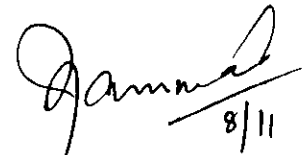
1. Board Resolution regarding authorization to sign and file the Tariff Petition.
2. Due to some typing / calculation error some correction in Assumptions to the Tariff Petition clause 5.1 and in Annexures attached with the Petition have been made, therefore, Revised Text of Clause 5.1 and Revised Annexure-I to VI are enclosed which may kindly be replaced.

Submitted for your kind information and acceptance please.

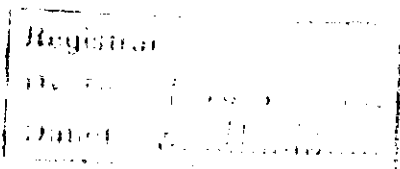
  
[ Muhammad Anwar Brohi ]

D.A./As above.

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8/11

P.L. process.





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150 MW POWER STATION DADU ROAD, DISTRICT JAMSHORO

Phone No. 022-9210027 & Fax No.022-9210024

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E-mail: [genco4@yahoo.com](mailto:genco4@yahoo.com)



Company Secretary

No.CS/LPGCL/687-88

Dated: 05-11-2010

**NOTIFICATION**

The Board of Directors of Lakhra Power Generation Company Limited in the 35<sup>th</sup> BOD meeting held on 27-10-2010 at 418-Wapda House, Lahore has authorized Mr. Muhammad Anwar Brohi, Chief Executive Officer to sign and file the Tariff Petition and submission of other necessary documents, payment of filing fee, appear and present / defend the matter before NEPRA as and when required and to do any / all acts necessary for completion and processing of the tariff proceedings on behalf of LPGCL.

  
[Attab Ahmed Lashari]

Company Secretary  
Lakhra Power Generation Co. Ltd,  
(Genco-IV) Lakhra.



C.c. to:-

1. Chief Executive Officer, LPGCL, Lakhra.
2. Finance Director, LPGCL, Lakhra.

**PEPCO**

PAKISTAN ELECTRIC POWER COMPANY (PVT.) LIMITED

**LAKHRA POWER GENERATION COMPANY LIMITED**

150 MW POWER STATION DADU ROAD, DISTRICT JAMSHORO



Phone No. 022-9210027 & Fax No. 022-9210024

PABX Nos. 022-9210021-23

E-mail: [genco4@yahoo.com](mailto:genco4@yahoo.com)

**Chief Executive Officer**

No. CEO/FD/LPGCL/TARIFF/589

Dated: 18-10-2010

**Syed Safer Hussain,**  
Registrar,  
National Electric Power Regulatory Authority,  
2<sup>nd</sup> Floor OPF Building,  
Shahrah-e-Jumhuriate,  
G-5/2,  
Islamabad.

Subject: **Petition for Determination of Tariff.**

Reference: - Your letter No. NEPRA/R/TRF-32/2937, dated 08-10-2010.

In compliance with your letter referred to above, I Muhammad Anwar Brohi, Chief Executive Officer, being duly authorized representative of Lakhra Power Generation Company Limited, hereby apply to the National Electric Regulatory Authority for Determination of Tariff of Lakhra Power Generation Company Limited.

Draft amounting to Rs. 1,019,440/- on account of Tariff Petition filing fee is also enclosed.

  
[ Muhammad Anwar Brohi ]

D.A./As above.

For M/A A.  
- DD (Fn.)  
- AD (Z)  
+  
✓ A  
2/K

Registrar
By No. 9031
Date 20.10.2010

UBL UNITED BANK

ISSUING BRANCH: 1901 LAKHRA DISTT, JAMSHORO CHEQUE No. 1066687

PAYEE'S A/C ONLY

CASHIER'S CHEQUE

Date 19-10-10

Com: 01066686

Pay against this Cheque

Amount PKR 1019440/2

Pay to the order of *M/S. NEPRA ISLAMABAD.*

The sum of Pak Rupees *One Million Nine Hundred Thousend four hundred forty only*

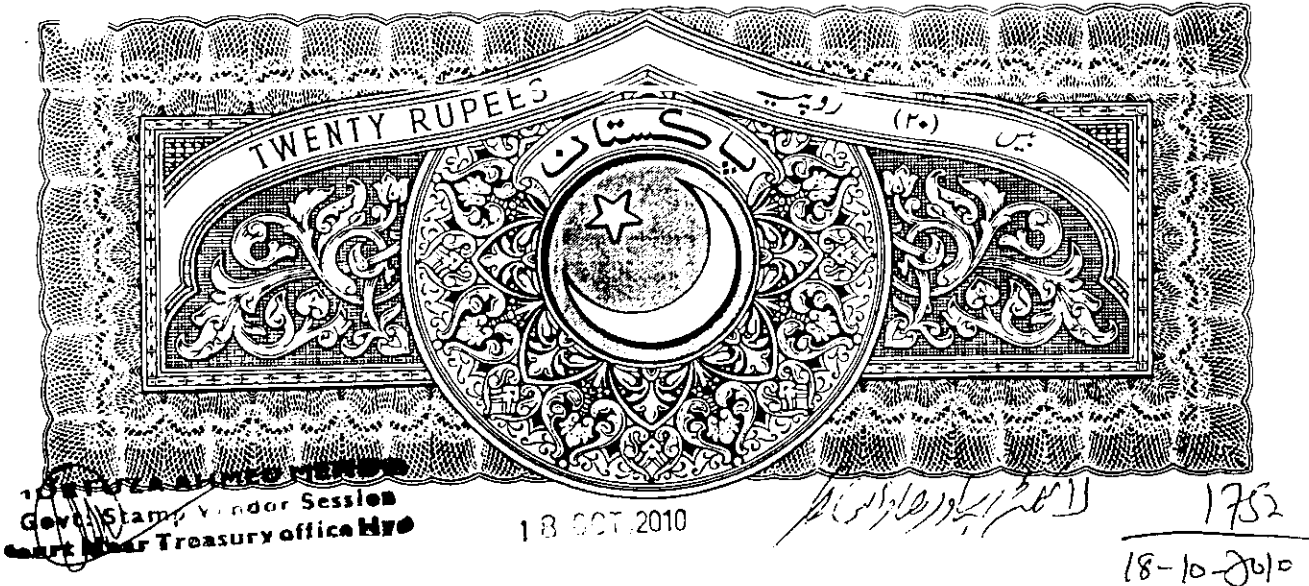
PAYABLE AT ANY UBL BRANCH IN PAKISTAN  
Valid for six months from the date of issue

*[Signature]*  
AUTHORIZED SIGNATURE

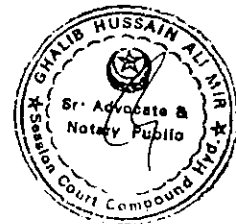
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AUTHORIZED SIGNATURE

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⑈ 1066687 ⑈ 086 1995 ⑈ 00004240 ⑈ ⑈ 000 ⑈



**BEFORE THE NATIONAL ELECTRIC POWER  
REGULATORY AUTHORITY**



**AFFIDAVIT**

I, Muhammad Anwar Brohi, Chief Executive Officer, Lakhra Power Generation Company Limited being duly authorized representative / attorney of Lakhra Power Generation Company Limited, hereby solemnly affirm and declare that the contents of the accompanying petition / application No.CEO/LPGCL/589 dated 18-10-2010 including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed. I also affirm that all further documentation and information to be provided by me in connection with the accompanying petition shall be true to the best of my knowledge and belief.

**DEPONENT**

**ATTESTED**  
18/10/10  
**GHALIB HUSSAIN ALI M.A.**  
Sr. Advocate & Notary Public  
Session Court Compound H.V.

*[Signature]*  
[Muhammad Anwar Brohi]  
Chief Executive Officer, LPGCL

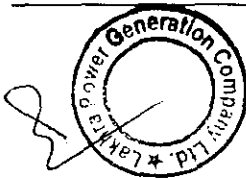
LAKHRA POWER GENERATION COMPANY  
LIMITED



**TARIFF PETITION**

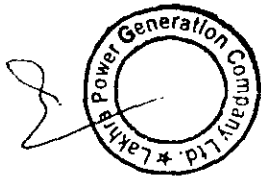
October 18, 2010

**150 MW Lakhra FBC Power Station, Khanote, District Jamshoro.**



## Table of Contents

- 1 Petitioner's Information
- 2 Summary of Last Tariff Determination
- 3 Confirmation of Compliance with tariff standards and Procedures
- 4 Grounds and Facts for filing the Petitions
- 5 Assumption to the Tariff Petition
- 6 Determination Sought
- 7 Summary of Evidence



## 1. DETAILS OF PETITIONER

### Name and Address

Lakhra Power Generation Company Limited (LPGCL), Sehwan/ Dadu Road  
Lakhra District Jamshoro.

Telephone No. 022-9210025

Fax No. 022- 9210024

### 1.2 Representative of LPGCL

1. Mr. Muhammad Anwar Brohi, Chief Executive Officer
2. Syed Asif Mehmood Rizvi, ARE (M)
3. Mr. Aftab Ahmed Lashari. Manager Finance

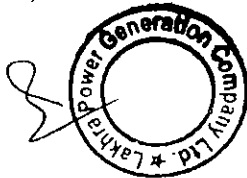
### 1.3 Grounds of petitioner's Interest / Licensee details.

LPGCL was incorporated on February 22, 2002 and commenced commercial operation on July 1, 2002. It was organized to take over all the properties, rights, assets, obligations and liabilities of thermal power station Lakhra.

LPGCL was granted Generation License No.GL/06/2005 dated 18-02-2005 by National Electric Power Regulatory Authority (NEPRA) to engage in the generation business for a term of Fifteen (15) years, pursuant to Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

## 2 Summary of the last Tariff Determination

The Tariff of the LPGCL was determined by National Electric Regulatory Authority on 21<sup>st</sup> February, 2005 for the financial year 2005-06 vide Case No. NEPRA/TRF-32/LPGCL-2004 published in The Gazette of Pakistan dated June 10, 2005 vide S.R.O. No. 601(1)/2005.



The reference Tariff was determined on the following terms and conditions:

**a. Fixed Component of Revenue Requirement.**

The fixed component of the Revenue requirement for the FY 2006 was determined as follows:

**Rs. In Million**

Salaries, Wages & Other benefits	139.98
Administration Cost	16.13
Repair & Maintenance	57.31
NEPRA Licence Fee	1.98
Insurance	4.80
Interest Charges	17.36
ROE	402.72
Depreciation	100.26
Other Income	(1.50)
<b>Total</b>	<b>739.04</b>

- b. LPGCL was allowed to charge the following reference tariff for sale of electricity (Capacity \* net electrical output) to Central Power Purchase Agency.

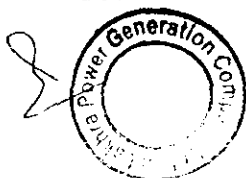
**Reference Tariff**

Description	FY 2005-06
Initial Net Dependable Capacity	93.6 MW
Capacity Purchase Price	Rs.Kw/Month *
A. Escalable Component Fixed O & M	196.0437
B. Return on net fixed assets in operation	358.5470
C. Non-Escalable Component.	
Interest Charges	15.4599
Depreciation	89.2628
<b>Total Capacity Charge</b>	<b>659.3134</b>
Energy Purchase Price	Rs. Per Kwh
- Fuel	1.0113
- Variable O & M	0.1954
<b>Total Energy Charge</b>	<b>1.2067</b>

- Per Kw of dependable capacity

- c. No escalation was allowed on the Escalable component of Fixed O & M by NEPRA in the determination.

- d. NEPRA allowed LPGCL for carrying out the performance of Initial Dependable Capacity (IDC) and Heat Rate (HR) tests up till 31<sup>st</sup> December, 2006.

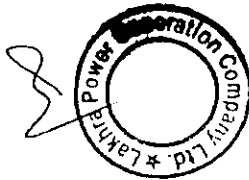


- e. The 150 MW FDC Plant was leased out for a period of 20 years to M/s Associated Lakhra Energy Limited on 11<sup>th</sup> September, 2006, hence IDC and Heat Rate tests could not be carried out.
- f. M/s Habib Energy and Labour Union filed petitions in the Honourable High Court against the leasing of plant to third party. The Honourable High Court decided the leasing in favour of the Company. Again both the parties filed petition in the Honourable Supreme Court of Pakistan.
- g. As the matter is subjudice in honourable court, hence neither plant could be handed over to the Lessee nor have any major overhauling /Rehabilitation work been carried out. Due to this reason only one plant is in working condition.
- h. Keeping view the above situation a SIDE LETTER was signed between NTDC and LPGCL wherein both the parties agree that, until the IDC Test is carried out, the capacity payments, as determined by NEPRA through its determination of tariff and notification in the official Gazette, shall be reckoned on the basis that its average capacity is 31.2 MW instead of 93.6 MW.

### 3. Confirmation of compliance with tariff standards and Procedures.

This Petition is being filed in accordance with the NEPRA Tariff Standards and Procedure Rules 1998 {Part II Section -3}. The information to be provided under the Rules can be found under the following Sections:

Rules Reference	Requirement	Petition Reference
3 (2) (a)	Name and address Grounds giving rise to petition's interest Licensee details	1.1 1.3 1.3
3 (2) (b)	Grounds and facts of petition	4 to 4.3
3 (2) (c)	Determination sought	6
3 (2) (d)	Schedule of charges, costs, units, prices etc comprising the existing and proposed tariff	Annexure-I, II, III, IV, V, Vi & VII
3 (2) (e)	Comparison table of existing and proposed tariff	7
3 (2) (f)	Summary of evidence	8



4. GROUND AND FACTS FOR FILING THE PETITION

The company believes that tariff determined by NEPRA would cover all the costs of the company and reasonable rate of return. The audited results for the year ended June, June 2009 and provisional results for the year 2009-10 are presented as follows. On the basis of these results the LPGCL is filing its tariff petition for the years 2010-11 to 2013-14.

4.1 **Profit and Loss Account.**

(Rupees in Million)

	2009 Audited	2010 (Provisional)
<b>Revenue</b>		
Energy Sales	445.284	478.122
Other Income	6.537	5.950
<b>Total Revenue</b>	<b>451.821</b>	<b>484.072</b>
<b>Expenditure</b>		
Cost of Sales	736.865	857.962
Admin Expenses	98.191	122.132
Loss before Interest & tax	<b>(383.235)</b>	<b>(496.022)</b>
Interest	4.745	4.515
Loss for the year before tax	(387.980)	(500.537)
Income Tax	-	-
Loss after tax	(387.980)	(500.537)
<b>Less Rental Interest</b>	<b>197.351</b>	<b>938.735</b>
Loss after Rental Interest	(585.331)	(1439.272)

4.2 **Balance Sheet**

(Rupees in Million)

	2009 Audited	2010 (Provisional)
Share Capital & Deposit for Shares	4,040.340	4,040.340
Accumulated (Loss)/Profit	(2,148.304)	(3,587.575)
Long Term Borrowing	5,673.774	4,392.675
Deferred Liabilities-Employee's retiring benefits	333.152	415.137
Trade Creditors & Other Liabilities	1,557.801	3,983.722
	<b>9,456.763</b>	<b>9,244.299</b>
Tangible fixed Assets	2,631.947	2,371.463
Long term loans and advances	5,721.041	4,439.217
Fuel Stock	2.761	6.151
Stores, Spares and Loose tools	249.647	251.694
Trade debts	29.140	-
Other receivable	767.159	2,147.758
Cash and Bank Balance	55.068	28.016
	<b>9,456.763</b>	<b>9,244.299</b>



4.3 The main grounds / reasons to make afresh tariff application for the year 2010-11 to 2013-14 are as follows:-

- Increase in General Establishment Expenditure due to inflationary impact and to cater for the increase in pay of LPGCL employees.
- Increase in Maintenance Expenditure.
- To seek 15% return on equity keeping in view the rising trend of the discount rates for the calculation of tariff.

## **5. ASSUMPTIONS TO THE TARIFF PETITION**

Major Assumptions taken into account are given as under:

### **5.1 Net Electric Output**

NEO has been calculated as follows:

- Average load of 30 MW.
- Operating hours (yearly) 4,896.
- Auxiliary consumption 26%.
- Heat Rate 21,588 Btu/Kwh.
- Calorific value of coal 13,500 Btu/Kg.
- Coal Price Rs.2,636/- per M.Ton.

### **5.1. Fuel Cost**

This tariff has been prepared on the basis of the existing LPGCL Coal Purchase Orders with Lakhra Coal Development Company (LCDC).

The Coal Price has been taken Rs.2,636/- per M.Ton. No escalation of this Cost has been accounted for in the tariff, as the changes in fuel price will be treated as pass-through item for LPGCL.

### **5.2 Variable O & M Cost**

5% increase has been made from the year 2010-11 and onward on already determined Variable O & M Cost of Rs.0.1954 per Kwh.by NEPRA in the year 2006.



### **5.3 Operating Cost**

The overall General establishment and admin expenses have been increased by 15% mainly comprising of pay and salaries which have increased by the GoP to the tune of 50% of the running basic salaries. In the same way the other increases allowed by GoP like Daily allowance of employees of Grade 1-15 have been doubled, cash medical allowance and pensions have also been increased.

### **5.4 Repair and Maintenance Cost.**

The repair and maintenance cost in the year 2010-11 has been taken as per Engineer's estimates and for onward 15% increase has been made to enable LPGCL for the safe and reliable operation, control and smooth running of Power Plant.

### **5.4 Interest Charges.**

No change in the debt already transferred by WAPDA for 150 FBC Power Station. However Interest charges on the debt amounting to Rs.6.400 billion obtained for Rental Services contract will be claimed while submitting the revised tariff petition of Karkey Rental Services Plant.

### **5.5 Depreciation Charges.**

The rate of Depreciation charges have been charged as per International Accounting Standard. In the previous determination Rs.100.26 million were taken into account, whereas at present Rs.262,448 million are being charged on the fixed assets of the company.

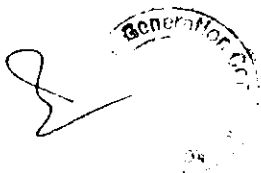
## **6 Determination Sought.**

In summary, this Petition seeks a determination to approve:

- (a) the proposed tariff for Capacity Purchase Price (Rs/KW/Month) and Energy Purchase Price (Rs/Kwh) for the period of four years i.e. 2010-11 to 2013-14

## **7 Comparison table of existing and proposed tariff**

The Comparison table of the existing and proposed tariff is enclosed.



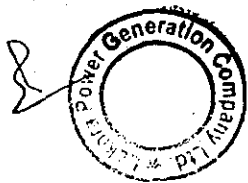
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## 9 Summary of Evidence

The proposed tariff will provide a good basis on which LPGCL can move forward and play an important role in the generation portfolio, benefiting the consumer.

### List of Attachments

- |  |              |
|--|--------------|
| ➤ Proposed Schedule of Tariff              | Annexure-I   |
| ➤ Fuel Component Calculation               | Annexure-II  |
| ➤ Historical data of Net Heat Rate         | Annexure-III |
| ➤ Profit & Loss Account                    | Annexure-IV  |
| ➤ Balance Sheet                            | Annexure-V   |
| ➤ Comparison of Existing & Proposed Tariff | Annexure-VI  |
| ➤ Copy of Side Letter                      | Annexure-VII |



## LAKHRA POWER GENERATION COMPANY LIMITED

## Proposed Schedule of Tariff

	Type of Fuel	Proposed Tariff 2010-11	Proposed Tariff 2011-12	Proposed Tariff 2012-13	Proposed Tariff 2013-14
<b>Fuel Price</b>					
Coal (Rs/M.Ton)	Coal	2,636	2,636	2,636	2,636
<b>Energy Blocks</b>					
		Rs/Kwh	Rs/Kwh	Rs/Kwh	Rs/Kwh
Block-I-Coal	Coal	4.2153	4.2153	4.2153	4.2153
<b>Variable O&amp;M</b>					
		0.2050	0.2152	0.2260	0.2373
<b>Capacity Charge</b>					
		Rs/Kwh/ Month	Rs/Kwh/ Month	Rs/Kwh/ Month	Rs/Kwh/ Month
Fixed O & M		645.5671	739.6792	847.6891	971.6598
ROE		539.5753	539.5753	539.5753	539.5753
Financial charges		15.4599	15.4599	15.4599	15.4599
Depreciation		233.6610	233.6610	233.6610	233.6610
Income Tax		-	-	-	-
		<b>1,434.2633</b>	<b>1,528.3753</b>	<b>1,636.3853</b>	<b>1,760.3560</b>

## LAKHIRA POWER GENERATION COMPANY LIMITED

## Calculation of Fuel Component Price of EPP

	2010-11	2011-12	2012-13	2013-14
	Proposed	Proposed	Proposed	Proposed
<b>NET DEPENDABLE CAPACITY (MW)</b>				
Block-I	31.200	31.200	31.200	31.200
<b>Total</b>	<b>31.200</b>	<b>31.200</b>	<b>31.200</b>	<b>31.200</b>
<b>Average Load</b>				
Block-I	30.000	30.000	30.000	30.000
<b>Total</b>	<b>30.000</b>	<b>30.000</b>	<b>30.000</b>	<b>30.000</b>
<b>Operating Hours</b>				
Block-I	4,896.000	4,896.000	4,896.000	4,896.000
<b>Total</b>	<b>4,896.000</b>	<b>4,896.000</b>	<b>4,896.000</b>	<b>4,896.000</b>
<b>Gross Generation (Gwh)</b>				
Block-I	146.880	146.880	146.880	146.880
<b>Total</b>	<b>146.880</b>	<b>146.880</b>	<b>146.880</b>	<b>146.880</b>
<b>Auxiliary Consumption (Gwh)</b>				
Block-I (26%)	38.189	38.189	38.189	38.189
<b>Total</b>	<b>38.189</b>	<b>38.189</b>	<b>38.189</b>	<b>38.189</b>
<b>NET ELECTRICAL OUTPUT (Gwh)</b>				
Block-I	108.691	108.691	108.691	108.691
<b>Total</b>	<b>108.691</b>	<b>108.691</b>	<b>108.691</b>	<b>108.691</b>
<b>NET HEAT RATE BTU/Kwh</b>				
Block-I	21,588	21,588	21,588	21,588
<b>HEAT INPUT REQUIRED MMBTU</b>				
Block-I	2,346,426	2,346,426	2,346,426	2,346,426
<b>Total</b>	<b>2,346,426</b>	<b>2,346,426</b>	<b>2,346,426</b>	<b>2,346,426</b>
<b>Calorific Values</b>				
BTU per Kg (Coal)	13,500	13,500	13,500	13,500
<b>Coal Consumed (M.TON)</b>				
Block-I	173,809	173,809	173,809	173,809
<b>Total</b>	<b>173,809</b>	<b>173,809</b>	<b>173,809</b>	<b>173,809</b>
<b>Estimated Fuel Prices</b>				
Coal (Rs/M.Ton)	2,636	2,636	2,636	2,636
<b>Coal Cost (Million Rs.)</b>				
Block-I	458.161	458.161	458.161	458.161
<b>Total Coal</b>	<b>458.161</b>	<b>458.161</b>	<b>458.161</b>	<b>458.161</b>
<b>Rate of Fuel Rs/Kwh</b>	<b>4.2153</b>	<b>4.2153</b>	<b>4.2153</b>	<b>4.2153</b>



## LAKHRA POWER GENERATION COMPANY LIMITED

## Net Heat Rate

Description	2005-06	2006-07	2007-08	2008-09	2009-10	average-4years (2005-06 to 2008-09)	average-5years (2005-06 to 2009-10)
<b>Actual Heat Rate</b>	btu/kwh	btu/kwh	btu/kwh	btu/kwh	btu/kwh	btu/kwh	btu/kwh
Block-I	23,976	23,818	21,863	19,197	19,088	22,213	21,588

**Lakhra Power Generation Company Limited**  
**Profit & Loss Account**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Audited	Audited	Audited	Audited	Audited	Projected	Projected	Projected	Projected
<b>Generation Target (NEO)</b>									
Net Electrical Out Put (NEO)-(Gwh)	85.980	93.280	99.244	84.742	85.737	108.691	108.691	108.691	108.691
	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>	<u>Rs. in Million</u>
<b>Revenue</b>									
Energy Charge	124.375	134.925	185.871	198.437	231.276	480.438	481.552	482.722	483.950
Capacity Charge	246.847	246.847	246.847	246.847	246.847	536.988	572.224	612.663	659.077
<b>Total Sale Revenue</b>	<b>371.222</b>	<b>381.772</b>	<b>432.718</b>	<b>445.284</b>	<b>478.122</b>	<b>1,017.427</b>	<b>1,053.776</b>	<b>1,095.384</b>	<b>1,143.027</b>
Other Income	5.322	4.652	18.011	6.537	5.950	6.000	6.000	6.000	6.000
<b>Total Revenue</b>	<b>376.544</b>	<b>386.424</b>	<b>450.728</b>	<b>451.821</b>	<b>484.073</b>	<b>1,023.427</b>	<b>1,059.776</b>	<b>1,101.384</b>	<b>1,149.027</b>
<b>Expenditure</b>									
Fuel Cost - Coal	171.059	218.690	276.249	239.494	288.609	458.161	458.161	458.161	458.161
Variable O & M	5.105	7.246	6.711	9.728	9.120	22.277	23.391	24.560	25.788
Employees Cost (Incl Pay & Allowances)	118.573	127.367	162.798	201.514	272.866	291.752	333.056	380.310	434.382
Admn Cost	34.958	48.462	56.285	121.898	79.889	97.355	111.958	128.752	148.065
Repair & Maint. (Incl Civil works & Plant Maint.)	55.450	101.264	77.505	53.176	66.205	335.994	385.793	443.062	508.921
Depreciation	282.911	282.721	330.678	261.882	262.148	262.448	262.448	262.448	262.448
Interest on Loans	8.150	4.757	4.155	141.204	942.640	3.500	3.500	3.500	3.500
Imported Energy Cost	-	-	-	8.255	1.866	-	-	-	-
<b>Total Expenditure</b>	<b>676.205</b>	<b>790.505</b>	<b>914.381</b>	<b>1,037.152</b>	<b>1,923.343</b>	<b>1,471.487</b>	<b>1,578.308</b>	<b>1,700.794</b>	<b>1,841.266</b>
<b>Profit/ (Loss) for the period</b>	<b>(299.660)</b>	<b>(404.082)</b>	<b>(463.652)</b>	<b>(585.331)</b>	<b>(1,439.271)</b>	<b>(448.061)</b>	<b>(518.532)</b>	<b>(599.410)</b>	<b>(692.239)</b>



**LAKHRA POWER GENERATION COMPANY LIMITED**

Annexure-V

**BALANCE SHEET**

	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
	2005-06	2006-07	2007-08	2008-09	2009-10
	Audited	Audited	Audited	Audited	Audited
<b>SHARE CAPITAL AND RESERVES</b>					
Authorized share capital					
5 000 000 000 ordinary shares of Rupees 10 each	200.00	200.00	200.00	200.00	200.00
Issued, subscribed and paid up share capital	0.50	0.50	0.50	0.50	0.50
Deposit for shares	4,039.81	4,039.81	4,039.84	4,039.84	4,039.84
Accumulated Profit/( loss)	313.01	(1,097.12)	(1,562.97)	(2,148.30)	(3,573.75)
	<b>4,353.32</b>	<b>2,943.19</b>	<b>2,477.37</b>	<b>1,892.04</b>	<b>466.59</b>
<b>NON CURRENT LIABILITIES</b>					
Long term loans	27.00	25.08	22.91	5,673.77	5,139.34
Other long term liability	-	-	-	-	-
Deferred Liabilities-employees benefits	231.87	251.05	286.20	333.15	401.31
	<b>258.87</b>	<b>276.13</b>	<b>309.11</b>	<b>6,006.93</b>	<b>5,540.65</b>
<b>CURRENT LIABILITIES</b>					
Current Maturity of long term loans	1.69	1.91	2.17	749.14	1,281.10
Creditors, accrued and other liabilities	359.08	413.36	524.90	808.66	1,955.95
Provision For Taxation	-	0.81	0.01	0.01	0.01
	<b>360.77</b>	<b>416.09</b>	<b>527.08</b>	<b>1,557.80</b>	<b>3,237.06</b>
<b>CONTINGENCIES AND COMMITMENTS</b>					
	<b>4,972.96</b>	<b>3,635.41</b>	<b>3,313.55</b>	<b>9,456.76</b>	<b>9,244.30</b>
<b>NON CURRENT ASSETS</b>					
Tangible Fixed Assets	3,437.45	3,155.92	2,893.83	2,631.95	2,371.46
Long Term Loan to Employees	0.99	0.79	0.76	5,721.04	6,496.23
	<b>3,438.44</b>	<b>3,156.70</b>	<b>2,894.58</b>	<b>8,352.99</b>	<b>8,867.69</b>
<b>CURRENT ASSETS</b>					
Fuel stock	20.16	3.06	3.39	2.76	6.15
Stores, spares and loose tools	306.04	319.16	257.38	249.65	251.69
Trade debts	1,154.03	103.05	94.07	29.14	-
Deposits, prepayments and other receiveables	48.32	16.72	11.81	767.16	90.75
Cash and bank balances	5.98	36.71	52.31	55.07	28.02
	<b>1,534.52</b>	<b>478.70</b>	<b>418.97</b>	<b>1,103.78</b>	<b>376.61</b>
	<b>4,972.96</b>	<b>3,635.41</b>	<b>3,313.55</b>	<b>9,456.76</b>	<b>9,244.30</b>

**LAKHRA POWER GENERATION COMPANY LIMITED**  
**Comparison of Existing and proposed Tariff**

	Type of Fuel	Existing Tariff	Proposed Tariff 2010-11	Proposed Tariff 2011-12	Proposed Tariff 2012-13	Proposed Tariff 2013-14
<b><u>Fuel Price</u></b>						
Coal (Rs/M.Ton)	Coal	2,636	2,636	2,636	2,636	2,636
<b><u>Energy Blocks</u></b>						
		Rs/Kwh	Rs/Kwh	Rs/Kwh	Rs/Kwh	Rs/Kwh
Block-I-Coal	Coal	2.8677	4.2153	4.2153	4.2153	4.2153
<b><u>Variable O&amp;M</u></b>						
		0.1954	0.2050	0.2152	0.2260	0.2373
<b><u>Capacity Charge</u></b>						
		Rs/Kwh/ Month	Rs/Kwh/ Month	Rs/Kwh/ Month	Rs/Kwh/ Month	Rs/Kwh/ Month
Fixed O & M		196.0437	645.5671	739.6792	847.6891	971.6598
ROE		358.5470	539.5753	539.5753	539.5753	539.5753
Financial charges		15.4599	15.4599	15.4599	15.4599	15.4599
Depreciation		89.2628	233.6610	233.6610	233.6610	233.6610
Income Tax		-	-	-	-	-
		659.3134	1,434.2633	1,528.3753	1,636.3853	1,760.3560

Amendment

# LAKHRA POWER GENERATION COMPANY LIMITED

Lakhra Power Station Indus High Way, Jainsoro (Simon)

Phone # 022-9210027, Fax # 022-9210024

No. 260 /C.E/LPGCL

Date: 24 O.I. 2007

The General Manager,  
WAPDA Power Privatization Organization (WPPO),  
525-WAPDA House,  
Lahore.

## SIDE LETTER

Whereas a Power Purchase Agreement (the "PPA") has been initialled between Lakhra Power Generation Company Limited ("LPGCL") and the National Transmission and Despatch Company Limited (NTDC), each a "Party", and collectively the "Parties", wherein it was *inter alia* agreed that an Initial Dependent Capacity Test ("IDC Test") would be carried out; and

Whereas the IDC Test could not be carried out for reasons beyond the control of the Parties:

Now, therefore the Parties, having discussed amongst themselves the difficulties involved, and with a view to establishing a way out which should be equitable and beneficial to both the Parties, hereby agree through this "Side Letter", as follows:-

1. That for purposes of the implementation of the PPA between the Parties the date of the IDC Test will be further discussed and is to be mutually agreed between the Parties.
2. That no liquidated damages as stipulated in section 9.4 of the PPA shall be imposed on LPGCL for non-availability of its plant until such time as the date of the IDC Test is mutually agreed upon by the Parties.
3. That LPGCL agrees not to claim from NTDC such component of its tariff which relates to capacity payments until the completion of the IDC Test, except to the extent stated in Clause Nos.4 & 5 herein below.
4. That the Parties agree that, until the IDC Test is carried out, the capacity payments, as determined by NEPRA through its determination of tariff and notification in the official Gazette of LPGCL, shall be reckoned on the basis that its average capacity is 31.2 MW instead of 93.6 MW.

(1)

5. That the NIDC shall allow capacity payments to LPGCL on the above-noted basis from the date of notification of LPGCL tariff and until the completion of the IDC Test, but shall not claim any liquidated damages during such period.
6. That the above-mentioned capacity payments shall cover the entire period from the date of notification of the LPGCL tariff to the date of the IDC Test which is to be carried out on a mutually agreed date.
7. That in consequence of the foregoing, any excess amounts already billed by LPGCL shall be adjusted, but neither Party shall have a further claim against the other Party, except for the amount of such adjustments relating to capacity payments in regard to the period covered by this Side Letter.

The exchange of this Side Letter is:

Proposed by: *[Signature]* Accepted by: *[Signature]*

Witnessed by: (i) *[Signature]* Witnessed by: (i) *[Signature]*

Witnessed by: (ii) *[Signature]* Witnessed by: (ii) *[Signature]*