

No. ED/SO(P)1(5)/2023-24/<u>101-102</u> GOVERNMENT OF BALOCHISTAN ENERGY DEPARTMENT

(Power Section)

Our Faith, Corruption Free Pakistan

Diary No

Dated Quetta the 11<sup>th</sup> August, 2023

To,

The Additional Director General, Government of Pakistan, National Electric Power Regulatory Authority, Islamabad. Phone: 051-9206500 Fax: 051-2600026

Subject:

#### <u>APPLICATION FILED BY K-ELECTRIC LIMITED FOR GRANT OF</u> POWER SUPPLY LICENCE.

The undersigned is directed to refer to your letter No.NEPRA/R/LAS-22/ 15816-23 dated 26<sup>th</sup> June, 2023 on the subject cited above.

The views / comments of Government of Balochistan, Energy Department are as

under please:-

Licensing Departmen

Jiary No.

NEDRA

- The Distribution Companies (DISCO) such as MEPCO, GEPCO, FESCO, IESCO, LESCO are registered under Pakistan Electric Power Company (PEPCO) is responsible for distribution of electricity in their respective allocated areas. They buy electricity from Water and Power Development Authority (WAPDA), PEPCO and other private Independent Power Producers (IPPs) and sell it to their respective area customers. All companies are owned by the Government of Pakistan except K-Electric.
- The NEPRA (National Electric Power Authority) has been created to introduce transparent and judicious economic regulation, based on sound commercial principle to the electric power sector of Pakistan. NEPRA is committed to its social objectives for growth and improving the quality of life for its people and to offer them opportunities for growth and development.
- The country is facing a shortage of energy and has no exception due to the dynamics of the global economy, it may seem that in the near future, Pakistan will again experience a drop in the energy which will badly affects the socio economic life of the people and economic growth rate, therefore it is vital to avoid any complexity or problem in smooth distribution of energy. The Energy department support granting power supply license to aforementioned companies.

Section Officer (Power)

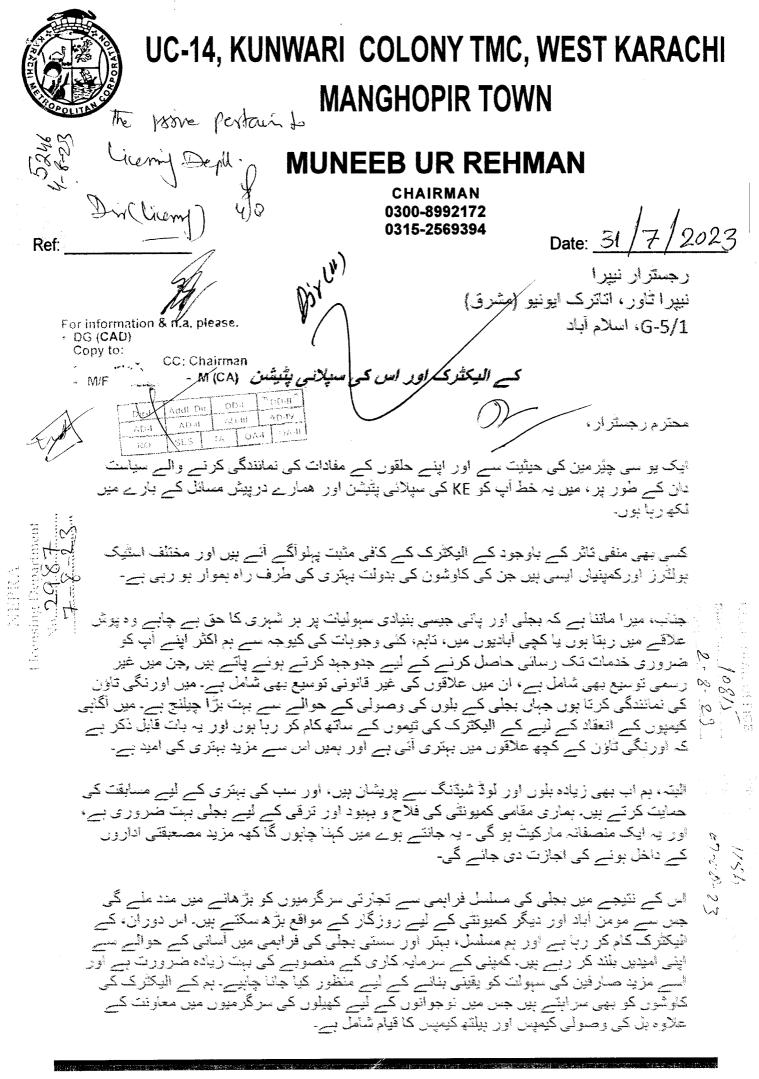
#### Copy is forwarded for information to:-

1. The Director General (South) Directorate of Electricity Balochistan, Quetta.

- 2. The PS to Secretary Energy Department, GoB, Quetta.
- 3. Master File.

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House # L:2497, Street-4 Sector-6, Awan Colony Qasba, Metrovill, Near Al-Safa Masjid, Manghopir Road, Karachi



## UC-14, KUNWARI COLONY TMC, WEST KARACHI MANGHOPIR TOWN

**MUNEEB UR REHMAN** 

CHAIRMAN 0300-8992172 0315-2569394

Date: \_\_\_\_

Ref: 04

مختلف اداروں اور افراد نے بھی نئی کمپنیوں کو مارکیٹ میں آنے کی اجازت دینے پر زور دیا ہے، جو مجھے یقین ہے کہ راتوں را**ت نہیں ہو گا اور اس لیے جہ**اں تک پانیدار بجلی کا تعلق ہے، فی الحال کے الیکٹرک بپترین ممکنہ آپشن ہے۔

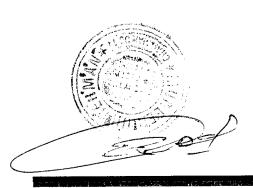
میں اپنے حلقوں کی سماجی و اقتصادی ترقی کے لیے بجلی، گیس اور صاف پانی جیسی ضرور ی سہولیات تک قابل اعتماد رسانی کی اہمیت کا پختہ یقین رکھتا ہوں۔ اس میں کوئی شک نہیں کہ بجلی کی مستقل فراہمی اور رسانی نہ صرف خاص طور پر کم آمدنی والے علاقوں کے لوگوں کے معیار زندگی کو بہتر بنائے گی بلکہ اس سے معاشی ترقی، تعلیمی مواقع اور معاشر ے کی مجموعی بیود میں بھی مدد ملے گی۔

میں آپ سے درخواست کرتا ہوں کہ کے الیکٹرک کی سپلائی پٹیٹن کے حوالے سے فیصلہ عوام کے حق میں ہو اور شہر کے لوگوں کے مفاد کو مدنظر رکھتے ہوئے کیا جائے۔

نیک تمنانیں،

منيب الرحمن

یوسی چیرمین (پی ٹی اُئ) کفواری کالونی اورنگی ٹاؤن کراچی



House # L:2497, Street-4 Sector-6, Awan Colony Qasba, Metrovill, Near Al-Safa Masjid, Manghopir Road, Karachi

Largest provider of eye care in Pakistan

July 26, 2023

To, **The Registrar NEPRA,** NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad

Forwarded plea	2, DG (Admn./HR)
3. DG (M&E)	4. DG (CAD)
5. DG (Trf.)	6. Dir. (Fin.)
7. Dir. (Tech.)	8. Consultant
9. LA	10., '`, Dir, (IT)

#### SUBJECT: COMMENTS ON K-ELECTRIC'S SUPPLY LICENSE APPLICATION

Dear Sir,

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I am writing to you on behalf of the Layton Rahmatulla Benevolent Trust (LRBT), an organization committed to promoting the welfare and well-being of the communities we serve; it envisions a better future for people suffering from eye ailments and sufferings caused due to blindness and the treatment is absolutely free of charge. Here it is important to mention that continuing this noble cause would not have been possible without the untiring support from our donor and partner organizations.

While mentioning this, I would like to share my thoughts regarding K-Electric's application regarding the supplier license and how this power company's sustainability and continuity are essential for all consumer groups. As a private company, they have made investments to improve line losses and the growth of a demanding metropolis like Karachi which is a challenging city to work in due to a number of issues such as theft and non-payment.

We understand that K-Electric's supplier license application is currently under consideration for approval by NEPRA, and we would like to express our strong support for its timely approval. Post two decades of continuous infrastructural upgrades and investments, we are witness to an immense improvement in the power supply of the city, with priority being given to essential services within the city, such as hospitals.

Given its vast network coverage, K-Electric for us will always be a vital entity as it has already been operating in this space and hence it must be supported while new policies are formed for new players. We heavily rely on it as it ensures the availability and reliability of electricity supply to innumerable consumers belonging to various stakeholder groups such as hospitals, welfare organizations, community service providers, and households belonging to less privileged areas.

Further, in a competitive energy market for the future, we expect healthy competition where all market players collectively serve customers and work towards the best interest of their consumers not just in Karachi but throughout the country as well. We hope to witness further innovation and technological advancement, and an infrastructure best equipped to sustain the growing need of affordable power for everyone.

#### The Layton Rahmatulla Benevolent Trust

LRBT House, 37-C, Sunset Lane No. 4, Off 24th Commercial Street, Phase II Ext, Defence Housing Authority, Karachi - 75500. Phones : +92-21-35396600-5 | E-mail : lrbt@lrbt.org.pk | Website : www.lrbt.org.pk



We remain at your disposal, should you require any further information regarding LRBT and the impact it has had over the years. We look forward to a decision which ends up in a win-win situation for power consumers and of K-Electric and further envision the prosperity of our community.

Yours Sincerely

Ateeq ur Rahman General Manager Operations Layton Rahmatulla Benevolent Trust (LRBT)



**The Registrar NEPRA,** NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad

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July 27, 2023

#### SUBJECT: COMMENTS REGARDING K-ELECTRIC'S SUPPLY PETITION

Dear Sir,

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I would like to share my comments on K-Electric's application for renewal of Distribution License as I believe that being an industrialist, it is important that we put forward our thoughts as essential power sector stakeholders who want the best for the country at large.

We believe that K-Electric's license should be renewed which, in our view, would definitely work in the best interest of not just the industry of Karachi but also the residential commercial and other customers within the city. We also understand that the envisaged Competitive Trading Bilateral Contracts Market (CTBCM) model aims to provide eligible consumers to choose supplier of their choice, however, given its economics, network is perceived as a natural monopoly around the world. Some global examples can be considered as good case studies, belonging to both the developing and the developed world where it ended up becoming a win-win situation for the power sector and customers.

Right now, we need electricity tariffs (although it is regulated or determined by NEPRA) to be cost effective and regular price hikes in utility bills is the last thing we should expect because it is crushing the underprivileged (SMEs) segment of the society as well as the industrial output.

In a completely non-ideal situation, should KE license not get renewed, it will not be a loss for the company alone despite previous and current investments but that for all the power consumers and a massive one indeed, irrespective of them being industrial consumers or residential which may put security and reliability of power supply at high risk. Also, if this really were to happen, KE assets would remain its property and for any new player, a power setup from scratch would take time and power the city of over 20 million. Therefore, it is of utmost importance that an objective decision be taken and in the wake of this objectivity a non-exclusive license under the current market reforms as per the Competitive Trading Bilateral Contract Market (CTBCM) which should remain uniform throughout the country be granted to KE.

I would also like to say that there should be no parallel network in a service territory as such duplications in network would affect economies of scale and adversely impact competitiveness of small industries which could feel the pressure and be fizzled out.

DP 31/6, Sector 6B, North Karachi Industrial Area, Karachi. 75850, Pakistan Ph:+92-21-36900073-74, E-mail: info@shaheenindustries.net

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Lastly, privatization is key for the power sector becoming efficient; we already have a success story in the form of KE investing PKR 474 billion since privatization and expect that it would be liberating for customers if the rest of the country followed similar suit. This could relax the circular debt and bring about relief for the national exchequer in terms of cash inflows and investments.

I hope that in light of the above discussion which may be paid heed to, NEPRA would consider opinions and suggestions of all stakeholders before passing on a decision which I am confident would be an objective one and favor the power customers of the city who are seeking relief, competition, safe and reliable supply of power, and all progress through efficiency in the sector.

Best Regards, Haroon S Industriali

DP 31/6, Sector 6B, North Karachi Industrial Area, Karachi. 75850, Pakistan Ph:+92-21-36900073-74, E-mail: info@shaheenindustries.net



No. DG(S)/ED/2023/\_\_\_\_7 DIRECTOR GENERAL (SOUTH) ENERGY DEPARTMENT Dated Quetta the 14 / 7/2023 C-30, Railway Society, Joint Road Quetta 0 081-2472046

Our Faith, Corruption free Pakistan

To,

The secretary, Energy Department, Government of Balochistan.

Subject:

#### APPLICATION FILED BY K- ELECTRIC LIMITED FOR GRANT OF POWER SUPPLY LICENSE.

Kindly refer your office letter No. ED/SO(P)1(5)/2022-23/10-12 dated 07.07.2023 on the subject cited above.

The Distribution Companies (DISCOS) such as MEPCO, GEPCO, FESCO, IESCO, LESCO are registered under Pakistan Electric Power Company (PEPCO) and is responsible for distribution of electricity in their respective allocated areas. They buy electricity from Water and Power Development Authority (WAPDA), PEPCO and other private independent power producers (IPPs) and sell it to their respective area costumers. All companies are owned by the Government of Pakistan except K-Electric.

The NEPRA (National Electric Power Regulatory Authority) has been created to introduce transparent and judicious economic regulation, based on sound commercial principal to the electric power sector of Pakistan. NEPRA is committed to its social objectives with the aim of improving the quality of life for its people and to offer them opportunities for growth and development.

It is pertinent to mention that the country is facing a shortage of energy and has no exception due to the dynamics of the global economy, it may seem that in the near future, Pakistan will again experience a drop in the energy which will badly affects the socio economic life of the people and economic growth rate, therefore, it is vital to avoid any complexity or problem in smooth distribution of energy.

In view of above, this office support granting power supply license to aforementioned comp inwarded please: I for information 2 DG (Admn/HR) DG (Lic.)

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A.M. (Lic.) The Additional Director General, Registrar Office NEPRA, Islamabad. Master File.

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Ref:

# Women Development Foundation-Pakistan

24.07.2023

To Registrar NEPRA, NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad

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Date

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#### K-Electric's (KE) and its Electric Power Supplier License Application



Honourable Sir,

I hope you are doing well. I am writing this letter to share my thoughts regarding KE's supply license application and what in my humble opinion would be in the best interest for the energy future of Karachi.

We are an organization working with underprivileged areas of Karachi including District Kemari with a focus on development of these areas and utility service provision is an important element of this. As for KE, we have seen them make efforts to improve services despite prevailing challenges as many of the residents in these areas have low propensity to pay.

Despite many challenges, KE is finding ways to work with the community and some parts of these areas a case study because they receive uninterrupted power and it must be acknowledged that recovering bills and managing electricity theft are challenges that must be overcome for any utility company.

It is commendable that they regularly set up recovery camps to manage the issue of recoveries in an area which still has Rs. 10 billion outstanding dues, while currently there still are some areas in District Kemari which do not undergo any load shedding anymore because of their high bill payment ratio. These areas account for 38% of District Kemari.

At the same time, it is important that if KE's licer.ses are being renewed or extended then they should be bound to add cheaper generation to reduce the cost of electricity so that the burden on the masses can be lifted.

It is good that they are also open to competition as well which can help further improve the power supply situation in Karachi. Keeping in view KE's performance over the years, it should also require approvals to improve its services through investment and the company should share an update on the progress that they are achieving on a regular basis.

It may please be considered that organisations such as ours, which include vocational centers and hospitals look forward to a thriving ground so that the benefits can be passed on for the stakeholder

Head Office # 1905,Saima Trade Tower B, Dr. Ziauddin Ahmed Road Karachi Email: <u>wdfp.org@gmail.com/ info@wdfp.org.pk</u> Website: <u>www.wdfp.org.pk</u> groups who find it difficult to make ends meet the i for this we are reliant on KE in areas where perhaps new companies may shy away from and hence the granting of the supplier license as requested would be critical to ensure continuity of power supply.

With this, I am hopeful that NEPRA makes pragmatic decisions which will consider the best interest of organizations and electricity customers as well as their current and future needs while enabling KE to make requisite investment for the uplift of the city. Competition may take time to enter the market and eventually start serving people while initially KE will be the only supplier. Hence, we must let them serve people until new and practical options start shining above the horizon.

Best Regards,

Sabiha Shah, Founder & CEO, Women Development Foundation Pakistan

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	PRIVATE POWER & INFRASTRUCTURE BOARD MINISTRY OF ENERGY (POWER DIVISION) GOVERNMENT OF PAKISTAN
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No. 1(103) PPIB/23/PRJ/O- 59038	DG (Lic.) 2 DG (Administration 18 July 2023
Mr. Iftikhar Ali Khan Add. Director General NEPRA Islamabad	DG TH. E Dir (Fin.)   7. Dir. (Jectul 3. Consultant   9. LA 1011. Dir. 101   Forkling internation please   Chaiman   M. Chaiman   F.M. (Int.)
Subject: <u>APPLICATION FILED BY</u> <u>LICENCE</u>	K-ELECTRIC LIMITED FOR GRANT OF POWER SUPPLY

wherein PPIB is requested to provide views and comments on the application filed by K-Electric (KE) for grant of Addl Cir 004  $\mathbb{D}$ power supply license. A(1-11) AD-IV AD-3 40-1 CA-L OA-II SES  $\gamma \Lambda$ 

PPIB comments on the application filed by KE for the grant of a power supply license, are as follows:

- a) Power Acquisition Program (FY 2024 -FY2030) Page no. 11/30, Section 3.3 "Other Assumption": The applicant has requested an extension in the useful lives of their existing power plants that will expire between FY 2024 till FY 2027. The power projects rely on RFO and RLNG, which are imported commodities, making generation expensive. Considering the current economic condition of Pakistan, it is proposed that the Authority may direct the applicant to procure power from alternative, cheaper sources on an urgent basis.
- b) Power Acquisition Program (FY 2024 FY2030) Page no. 12/30, Section 4 "KE Proposed Power Acquisition Programme": The applicant plans to develop three local coal-based power plants with a capacity of 330 MWs each in FY 2026, FY 2027 and FY 2029. The applicant's proposed timelines for the development of projects may need to be revised to align with the realistic construction period of 36 months.
- c) It is recommended that, instead of developing 330 MW power plants, applicant should consider opting 660 MW local coal-based Ultra-Super critical or Super-Critical proven technology power plants to meet its network demand.
- d) The applicant claimed that the 330 MW Siddigsons Energy Limited power plant is expected to come online in FY 2026. However, this claim seems unrealistic due to ongoing litigation and the absence of a final decision by the Honourable Court. Further, the construction period of a conventional coal power plant is 36 months, therefore timelines be rationalized.
- e) The applicant plans to add baseload power plants in FY 2026 and 2027 by developing them from scratch. Delays in project execution could lead to a potential gap in demand and Supply, so it is important to ensure the feasibility of the proposed timelines.

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f) It is important for the applicant to maintain a balanced demand-supply ratio to avoid any potential shortage or asymmetries in the power supply. In case the applicant fails to meet the proposed targets, a contingency plan should be put in place to address the shortfall and ensure an uninterrupted power supply to consumers.

**3.** It is highlighted that the applicant has submitted proposals and Expressions of Interest for the procurement of power from the Jamshoro Power Project (after conversion to Thar coal) and 660 MW Lucky Electric Power Project. These proposals indicate a potential shift in the applicant's power acquisition strategy, hence it is important to provide an update in their application. Additionally, if the applicant plans to procure power from the National Grid or utilize the services of an Independent Auction Administrator (IAA), it is suggested that the applicant may approach IAA by fulfilling the necessary requirements.

With best regards,

Ali Nawaz (Director General (Coal))





### LAHORE ELECTRIC SUPPLY COMPANY LIMITED

DIRECTORATE GENERAL MIRAD LESCO HQ

near 132 kV Garden Town Grid Station, Ferozpur Road, Lahore

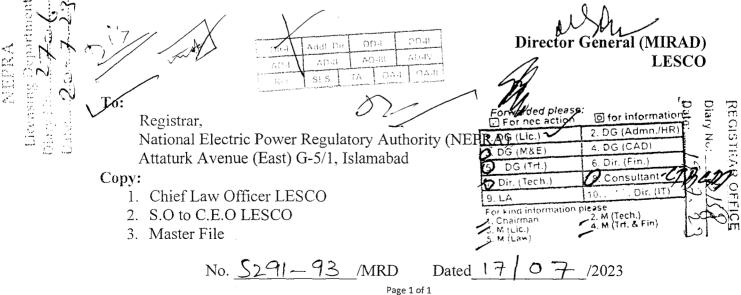
Ph: 042-99232117, www.lesco.gov.pk

#### SUB: NOTICE FOR COMMENTS IN THE MATTER OF APPLICATION OF K ELECTRIC FOR GRANT OF SUPPLY LICENCE

REF: NEPRA' advertisement published on 23.06.23

LESCO preliminary comments / observations are as under:-

- 1. NEPRA issued determination dated 12.11.20 for approval of detailed design and implementation roadmap of CTBCM.
- 2. NEPRA has issued Licensing (Electric Power Supplier) Regulations on 28.03.22.
- 3. NEPRA has issued Market Operator licence to CPPA-G and approved Market Commercial Code on 31.05.22.
- 4. NEPRA issued Electric Power Procurement Regulations on 06.12.22.
- 5. NEPRA has approved revised Grid Code on 21.03.23.
- 6. Necessary compliance to NEPRA' Licensing (application modification, extension and cancellation) Procedure Regulations (2021), especially its clause 3 and Schedule III (D) (electric power supply), may be looked into.
- 7. Please confirm that K Electric has now applied for licence as Supplier of Last Resort only.
- 8. Please confirm that K Electric will not be allowed licence as Competitive Supplier in the future.
- 9. Whether K Electric integration plan into CTBCM is approved?
- 10. Distribution licence of K Electric will expire on 20.07.23.
- 11. Whether K Electric is facilitating the net metering? If yes, what is the quantum now (number of consumers and MW installed)?
- 12. What is the existing and planned status of utility scale solar PV parks?
- 13. Adequate details of primary resources i.e. human resource (technical, administrative, financial, IT) designation wise etc., to demonstrate its capacity to undertake responsibility of Supply Licensee and to execute the required jobs, are not found in this licence application.



#### **PRIME MINISTER'S OFFICE BOARD OF INVESTMNET** Kohsar Block (6<sup>TH</sup> Floor), Pak. Secretariat Islamabad

Subject: 1) APPLICATION FILED BY QUETTA ELECTRIC SUPPLY COMPANY LIMITED FOR GRANT OF POWER SUPPLY LICENCE

2) APPLICATION FILLED BY M/S. K-ELECTRIC LIMITED FOR GRANT OF POWER SUPPLY LICENCE

Kindly refer to NEPRA's Letters No. NEPRA/R/LAS-23/15844-50 and No. NEPRA/R/LAS-22/15809-15 dated June 26, 2023 on the subjects cited above.

2. BOI being an investment promoting and facilitating apex agency understands that an affordable and smooth supply of power is backbone of industrial and economic growth. NEPRA may proceed in the matter as per policy, rules & regulations in-vogue.

(Qazi Asif Manboob) Desk Officer (Policy)

National Electric Power Regulatory Authority (NEPRA) (Mr. Iftikhar Ali Khan, Additional Director General). NEPRA Tower, Ataturk Avenue, G-5, Islamabad BOI's U.O. No. 1(2)/NEPRA/2022-PP-II Dated : July 7, 2023

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For kind information p Choirman K. M. (Lic.) 5-74 (Law)	M (Tech.) M (Tech.) M (Trl. & Fin)

