

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/DG(Lic)/LAG-01/9226-34

June 23, 2025

**Chief Executive Officer** 

Central Power Generation Company Limited Thermal Power Station, Barrage Road Guddu, District Kashmore

#### Subject: Modification in Generation Licence No. GL/02/2002 Licence Application No. LAG-01 Central Power Generation Company Limited

Reference: CPGCL's LPM submitted vide letter No. CPGCL/CEO/MIS/1123 dated 30.12.2022

Enclosed please find herewith Determination of the Authority in the matter of application of Central Power Generation Company Limited (CPGCL) for Modification in its Generation Licence (GL/02/2002 dated July 01, 2002) for exclusion of 776.70 MW Gross thermal power generation facility located at Guddu, District Kashmore in the province of Sindh.

#### Enclosure: As Above

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(Wasim Anwar Bhinder)

#### Copy to:

- 1. Secretary, Power Division, Ministry of Energy, 'A' Block, Pak Secretariat, Islamabad
- 2. Secretary, Privatization Division, Ministry of Privatization, Kohsar Block, Pak Secretariat, Islamabad
- Secretary, Energy Department, Government of Sindh, 3<sup>rd</sup> Floor, State Life Building -3, Dr. Zia-ud-din Ahmed Road, Karachi
- 4. Managing Director, National Grid Company of Pakistan Ltd, 414 WAPDA House, Lahore
- 5. Chief Executive Officer, CPPA(G), 73 West, Shaheen Plaza, A.K. Fazl-ul-Haq Rd, Blue Area, Islamabad
- 6. Managing Director, Private Power & Infrastructure Board (PPIB), Ground & 2nd Floors, Emigration Tower, Plot No. 10, Mauve Area, Sector G-8/1, Islamabad
- 7. Chief Executive Officer, Independent System and Market Operator of Pakistan (Guarantee) Limited (ISMO), Faiz Ahmed Faiz Road, H-8/1, Islamabad
- 8. Director General, Environmental Protection Agency, Government of Sindh, Plot No. ST/2/1, Sector 23, Korangi Industrial Area, Karachi

# <u>Determination of the Authority</u> <u>in the Matter of the Licensee Proposed Modification (LPM) of Central</u> <u>Power Generation Company Limited (CPGCL) for Modification in its</u> <u>Generation Licence</u>

<u>June⊇∃<sup>, /</sup>, 2025</u> <u>Case No. LAG-01</u>

### (A). Background

(i). In terms of the then Section 15 (now Section 14B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act"), CPGCL holds a Generation Licence (No. GL/02/2002, dated July 01, 2002 and the subsequent modifications made later) which the Authority has granted to it which now have a cumulative installed capacity of 1819.70 MW.

(ii). The above-mentioned generation fleet comprises three distinct generation facilities, namely Old TPS Guddu (of 1015 MW), New TPS Guddu (of 776.70 MW), and TPS Quetta (of 28 MW). The Government of Pakistan (GoP) has decided to privatize the New TPS Guddu and accordingly, CPGCL approached the Authority through an LPM for the exclusion of the same from its Generation Licence.

### (B). Communication of Modification

(i). In consideration of the above and in terms of Regulation-10 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 (the "Licensing Regulations"), CPGCL communicated an LPM in its Generation Licence to the Authority on December 30, 2022. In the text of the modification, CPGCL proposed (a). to exclude New TPS Guddu/747 MW CCPP from its Generation Licence; (b). to extend the term of its Generation License (No. GL/02/2002) up to September 19, 2040; and (c). to allocate block-wise auxiliary consumption for the plants, instead of unit-wise allocation.

(ii). Regarding the statement of reasons in support of modification, CPGCL submitted that (a). the New TPS Guddu has been selected for privatization and to facilitate the process, the competent authority has directed it to file an LPM to exclude the same from its existing Generation Sector (b). The existing Licence has a term up to September 19, 2040 the effort the process with the process of the process of the process.



extended to make it consistent with the PPA and (c). the auxiliary consumption may be made on the basis of the different blocks instead of units.

(iii). About the "statement of the impact on the tariff, quality of service and the performance by the licensee of its obligations under the licence", CPGCL submitted that the proposed modification will have no adverse impact on the tariff, quality of service, and obligations of the licence.

# (C). Processing of LPM

(i). After completion of all the required information by CPGCL, the Registrar under Regulation 10(3) of the Licensing Regulations published the communicated LPM on January 25, 2023, in one (01) English and one (01) Urdu newspaper, informing the general public about the communicated LPM and inviting their comments in the matter.

(ii). Apart from the above, separate letters were also sent to Government ministries, their attached departments and representative organizations, etc., on January 26, 2023 informing them about the communicated LPM, publication of the notice in the press and inviting to submit their views and comments in the matter to assist the Authority.

## (D). Comments of Stakeholders

(i). In reply to the above, the Authority received comments from four (04) stakeholders including Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), Petroleum Division, Ministry of Energy (MoEPtD), Board of Investment (BoI) and National Transmission and Despatch Company Limited (NTDC/NPCC). The salient points of the comments offered by stakeholders are summarized below:

(a). CPPA-G submitted that the request of CPGCL for the exclusion of the New TPS Guddu from the existing Generation Licence is in accordance with the directions of the Ministry of Energy, Power Division (MoEPD). The request of CPGCL to make the axillary consumption block-wise is not in line with the existing Generation Licence. In this regard, the Single Line Diagram (SLD) provided depicts separate auxiliary transformers for each unit therefore, the request is not consistent with the same;



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- (b). MoEPtD apprised that CPGCL/the Licensee has been allocated 250 MMCFD from the Kandhkot Gas Field through Pakistan Petroleum Limited (PPL) and Sui Northern Gas Pipelines Limited. In this regard, PPL has informed that Rs. 163.84 billion are receivables against CPGCL (as of December 31, 2022), on account of gas supplied, Gas Infrastructure Development Cess, and Gas Development Surcharge. PPL requested clearance of the said outstanding dues nevertheless, MoEPtD supports the proposed modification in the existing Generation Licence to exclude the New TPS Guddu. The GoP is considering phasing out the inefficient units therefore, the gas allocation would be restricted to the requirements of the New TPS Guddu only;
- (c). Bol commented that the energy sector is a priority sector of the GoP to cater to the shortfall of electricity in the country. Bol understands that an affordable and smooth supply of energy is the backbone for industrial growth in the country. Therefore, Bol, in principle, supports the application of CPGCL for modification in its Generation Licence, subject to ensuring all the codal formalities and prerequisites under the rules and regulations of NEPRA; and
- (d). NTDC submitted that the Guddu Unit (5-10) and Guddu 747 are located at a central location within the National Grid and are an important part of the power balance of the system and operate on indigenous local gas, which is cheaper. About the request of CPGCL of change of auxiliary consumption, NTDC clarified that event recording and data reporting of NPCC is on individual unit basis instead of block-wise basis. Regarding the extension of PPA up to 2040, NTDC submitted that the matter needs to be deliberated in light of IGCEP/TSEP that the Authority will be approving.

(ii). The Authority considered the above comments of the stakeholders and in view of the observations made, considered it appropriate to seek the perspective of CPGCL on the same. In this regard, CPGCL submitted that it is facing severe financial crisis due to long outstanding receivables from the power purchaser, which has touched to the tune of Rs. 123.00 billion as of April 30, 2023 whereas the payable on account of



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the gas supplied stands as Rs. 84.00 billion. CPGCL confirmed that once these matters are settled, all the dues will be cleared without any delay.

(iii). Further to the above, CPGCL submitted that inefficient units of its Old TPS Guddu have already been decommissioned, whereas the other units of the old complex are efficient, economical and may be operated for the next twenty (20) years or more for the reasons that (a). unique strategic location; (b). Suitability for Synchronous operation; (c). allocation of 360 MMCFD indigenous gas; (d). availability of cooling water; (e). social benefits in terms of economics, education, and health, (having the largest Hospital, helipad, and the largest football ground in the area; (f). secured residential colony; and (g). expected improvement in the efficiency of the units after proposed rehabilitation.

(iv). The Authority considered the above submissions/rejoinders of CPGCL and decided to proceed further in the matter, in a manner as stipulated in the relevant provisions of the NEPRA Act, the NEPRA Licensing (Generation) Rules 2000 (the "Generation Rules"), the Licensing Regulations, and other applicable documents.

### (E). <u>Findings of the Authority</u>

(i). The Authority has examined the entire case in detail, including the existing Generation Licence, earlier modifications in the licence, communicated LPM, information submitted with the application, comments of stakeholders, rejoinders by the Licensee, and the relevant rules & regulations framed thereunder.

(ii). The Authority has observed that CPGCL holds a Generation Licence (No. GL/03/2002, dated July 01, 2002, and subsequent modifications dated April 26, 2013, and July 10, 2019) for its three (03) distinct Generation Facilities, including Old TPS Guddu, New TPS Guddu, and TPS Quetta with a cumulative installed capacity of 1819.70 MW.

(iii). Now, through the current LPM, the Licensee/CPGCL has inter alia, has requested/proposed three key changes in its above-mentioned Generation Licence. These proposed changes include: (a). exclusion of the New TPS Guddu/747 MW CCPP from its existing Generation Licence; (b). extension of the term/expiry date of its existing Generation Licence (No. GL/02/2002) for the remaining old units from 2023 up to 2040; and (c). changing the auxiliary sumption allocation method from unit-wise to blockwise.



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(iv). The Authority has observed that in terms of Section-26 of the NEPRA Act read with Regulation-9(2) of the Licensing Regulations, the Authority is entitled to modify a licence in accordance with such further changes as the Authority may deem fit if, in its opinion, such modification (a). will not adversely affect the performance by the licensee; (b). reasonably necessary for the licensee to perform its obligations efficiently; (c). is likely to be beneficial to the consumers; or (d). is reasonably necessary to ensure the continuous, safe, and reliable supply of electricity to the consumers, keeping in view the viability of the licensee.

(v). In consideration of the above, the Authority has observed that the communicated LPM consists of two major parts (a). exclusion of New TPS Guddu from its existing licence; and (b). extension in the useful life of the units of Old TPS Guddu & changes in the auxiliary consumption from unit-wise to block-wise. In this regard, the Authority has observed that the GoP has selected and earmarked the New TPS Guddu for privatization.

(vi). Further, a number of options and probabilities are being considered for the Old TPS Guddu and TPS Quetta, which are still under deliberation and various possibilities are being explored, including closure and disposal of the same. In consideration of the said, the Authority is of the considered opinion that there is a case for exclusion of the New TPS Guddu to facilitate its privatization, whereas on the matter of Old TPS Guddu and TPS Quetta, further deliberation and clarification are required before it is decided.

(vii). Regarding the LPM of CPGCL for the exclusion of New TPS Guddu from the existing Generation Licence of CPGCL, the authority considers that (a). the same will not adversely affect the performance of the licensee, considering the fact it will only be separated and governed under a separate licence. Further, the LPM for exclusion of New TPS Guddu is actually reasonably necessary for the licensee to perform its obligations efficiently and to achieve the goal of privatization of the generation facility, which may result in better performance in the future; (c). the exclusion of New TPS Guddu for the ultimate privatization is likely to be beneficial to the consumers as it will result in better performance; or (d). the LPM is reasonably necessary to ensure the continuous, safe, and reliable supplementations to the consumers, keeping in view

the viability of the licensee



## (F). Approval of the LPM

(ii). Accordingly, the Generation Licence (No. GL/02/2002, dated July 01, 2002) of CPGCL/GENCO-II is stand modified to the extent of the exclusion of New TPS Guddu. The approval of the LPM is subject to the provisions contained in the NEPRA Act, relevant rules framed thereunder, terms & conditions of the Generation Licence, and other applicable documents.

### Authority:

Maqsood Anwar Khan (Member)

Rafique Ahmed Shaikh (Member)

Amina Ahmed (Member)

Waseem Mukhtar (Chairman)



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