



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/LAG-454/ 3400-06

February 13, 2026

Mr. Khurram Javaid
Chief Executive Officer
Mughal Energy Limited
31-A Shadman-I, Lahore

Subject: **DETERMINATION OF THE AUTHORITY IN THE MATTER OF LICENSEE
PROPOSED MODIFICATION IN THE GENERATION LICENCE OF MUGHAL
ENERGY LIMITED**

Reference: MEL's LPM submitted vide letter No. Nil dated 26.06.2025

Enclosed please find herewith the subject determination of the Authority in the matter of Licensee Proposed Modification in the Generation Licence No. SGC/152/2021 dated February 10, 2021 of Mughal Energy Limited (MEL).

Enclosure: As Above

(Syed Zawar Haider)
Director

Copy to:

1. Secretary, Power Division, Ministry of Energy, 'A' Block, Pak Secretariat, Islamabad
2. Managing Director, National Grid Company of Pakistan Ltd, 414-WAPDA House, Shakra-e-Quaid-e-Azam, Lahore
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Ltd. 73 West, A.K. Fazl-ul-Haq Road, Blue Area, Islamabad
4. Chief Executive Officer, Independent System and Market Operator of Pakistan (Guarantee) Limited (ISMO), Faiz Ahmed Faiz Road, H-8/1, Islamabad
5. Chief Executive Officer, Lahore Electric Supply Company (LESCO), 22-A, Queens Road, Lahore
6. Director General, Environmental Protection Department, Government of the Punjab, National Hockey Stadium, Ferozpur Road, Lahore

National Electric Power Regulatory Authority
(NEPRA)

Determination of the Authority
in the Matter of Licensee Proposed Modification in the
Generation Licence of Mughal Energy Limited

February 13th, 2026
Case No. LAG-454

(A). Background

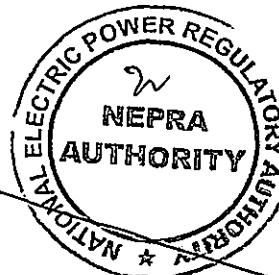
(i). Mughal Energy Limited (MEL) holds a Generation Licence (No. SGC/152/2021, dated February 10, 2021, with Modification-I dated May 25, 2022) in terms of Section-14B of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act").

(ii). The Authority granted the above mentioned licence to MEL for setting up a 36.50 MW generation facility at 17-Km on Lahore-Sheikhupura Road, tehsil & district Sheikhupura in the province of Punjab operating on Local/Imported coal and supplying to different Bulk Power Consumers [BPC(s)].

(B). Communication of Modification

(i). MEL in accordance with Regulation-10 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 (the "Licensing Regulations"), communicated a Licensee Proposed Modification (LPM) in its above mentioned Generation Licence on July 01, 2025.

(ii). In the "Text of the Proposed Modification", MEL stated that it has proposed to add Biomass as another fuel for the operation of the generation facility. Regarding the statement of the "Reasons in Support of the Modification", MEL, inter alia, stated that the generation facility is located in an area where Biomass from various agriculture crops of rice (rice husk), maize (corn cob), cotton (cotton sticks) and sugar cane (bagasse) are available in abundance. In this



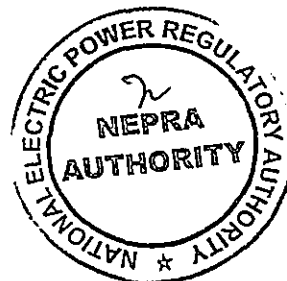
regard, the company has carried out a feasibility study to utilize the available Biomass for power generation, which is a cleaner fuel, making the operation of the facility more environment friendly. The operation of the facility on indigenous fuel/biomass will not only have a positive impact on the operation of the facility being cost effective but also result in energy security as it will substitute the imported fuel/coal.

(2). About the statement of "the Impact, if any, of the Proposed Modification on Tariff, Quality of Service (QoS) or " Fulfilment of Licence Obligations", MEL submitted that its generation facility is being set up for supplying to its designated BPC(s) on mutually agreed tariff without affecting any other third party. In view of the said, the proposed modification will not have any adverse impact on the tariff, QoS, or fulfilment of its obligations under the existing Generation Licence.

(C). Processing of Modification

(i). After completion of all the required information as stipulated under the Regulation-10(1) and 10(2) of the Licensing Regulations, the Registrar published the communicated LPM in one (01) English and one (01) Urdu daily newspaper on August 02, 2025. The said publication invited comments of the general public, interested/affected parties and other stakeholders about the communicated LPM in terms of the Regulation-10(3) of the Licensing Regulations.

(ii). In order to arrive at an informed decision and for the transparency of the matter to fulfil the regulatory norms, the Registrar also invited comments of the relevant Govt. Ministries, their attached Departments, representative organizations and individual experts, etc., for the assistance of the Authority. In this regard, the Registrar sent separate letters to the said stakeholders on August 04, 2025, asking their views either in favor or against the communicated LPM as stipulated in Regulation-8(2) of the Licensing Regulations.



(D). Comments of Stakeholders

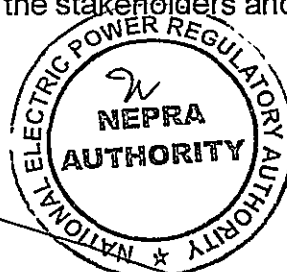
(i). In consideration of the above, the Authority received comments from only one (01) stakeholder i.e. the Sheikhpura Chamber of Commerce & Industry (SCoC&I). The summary of the received comments in this regard is described in the paragraph mentioned below:-

(a). SCoC&I submitted that MEL, in its communicated LPM, has proposed to allow the operation of the facility on Biomass. In this regard, it is pertinent to mention that the district of Sheikhpura has abundant resources of Biomass including agricultural residues (i.e. wheat straw, rice husk, corn cobs and cotton stalks). The said resources are largely untapped and if utilized effectively, can contribute significantly to generate clean energy that will result in reduction of waste in the area, which is generally burnt in fields, causing severe air pollution and smog in the area. The proposal will not only result in cheap electricity but also in an eco-friendly solution for waste management and thus helping in achieving a cleaner environment.

(ii). The Authority reviewed the above comment of SCoC&I and found the same in favor of the modification/LPM. In view of the said, the Authority considered it appropriate to proceed further in the matter as stipulated in the NEPRA (Licensing) Generation Rules 2000 (the "Generation Rules") and the Licensing Regulations.

(E). Observations/Findings

(i). The Authority examined the entire case in detail, including the already granted Generation Licence of the company/Licensee, Modification-I to the licence, the currently communicated LPM, comments of the stakeholders and the provisions



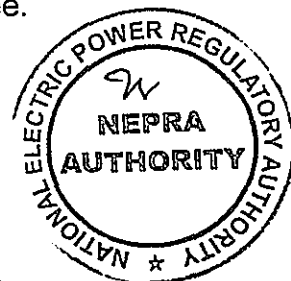
of the NEPRA Act, relevant rules & regulations and the observations of the Authority in the matter are explained in the following paragraphs.

(ii). As explained above, the Authority granted MEL a Generation Licence (No. SGC/152/2021, dated February 10, 2021) to MEL for its proposed Local/Imported coal based generation facility with a cumulative Installed Capacity of 55.00 MW (consisting of 1x55 MW Steam Turbine), to be set up on Lahore-Sheikhupura Road, tehsil & district Sheikhupura in the province of Punjab.

(iii). The Authority also allowed MEL to supply to three (03) distinct BPC(s), namely (a). Mughal Iron and Steel Industries Limited-MISIL; (b). Mughal Steel Metallurgies Corporation Limited-MSMCL; and (c). Indus Steel Mills Corporation (Pvt.) Limited-ISMCP, through a Second Tier Supply Authorization (STSA), in terms of Section-22 of the NEPRA Act read with Rule-7 of the Generation Rules.

(iv). Later on, MEL communicated LPM-I for reduction in its installed capacity and the Authority, through Modification-I dated May 25, 2022, changed the installed capacity of the above mentioned Generation Facility from 55.00 MW to 36.60 MW [consisting of two (02) Steam Turbines of 1 x 31.50 MW + 1 x 5.00 MW].

(v). Now, MEL has communicated another modification suggesting to add the option of Biomass as one of the primary fuels for its generation facility. It is clarified that in terms Section-26 of the NEPRA Act read with Regulation-9(2) of the Licensing Regulations, the Authority is empowered to modify an existing licence of a licensee subject to and in accordance with such further changes as it may deem fit if, in its opinion such modification (a). does not adversely affect the performance by the licensee of its obligations; (b). is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the licence; (c). is likely to be beneficial to the consumers; and (d). is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers, keeping in view the financial and technical viability of the licensee.

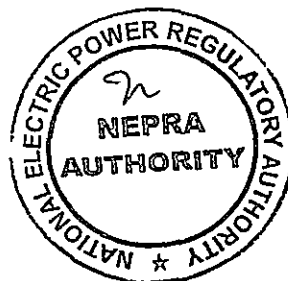


(vi). In consideration of the above, the Authority considers that the LPM which pertains to adding Biomass as a fuel for power generation in addition to the existing fuel of Imported/Local coal. In this regard, the Authority has observed that (a). the proposed LPM will not adversely affect the performance of the licensee of its obligations under its generation licence; (b). the LPM is actually necessary for the licensee to effectively and efficiently perform its obligations under the licence considering the fact that the generation facility will be operated even if Biomass is made available in lieu of the Imported/Local coal; (c). the LPM is likely to be beneficial to the consumers as it will result in more flexibility to the operation of the generation facility and that too at a lower tariff than at indigenous or local coal; and (d). the LPM is reasonably necessary to ensure the continuous, safe and reliable supply of electric power to the consumers, keeping in view the financial and technical viability of the licensee.

(vii). Regarding the tariff of the company/MEL/the Licensee, the Authority has observed that the Generation Facility has been set up for supplying to the designated BPC(s) only without affecting any third party. In view of the said, the Authority considers that any positive or negative impact on the tariff for allowing Biomass as one of the fuels will be settled mutually.

(F). Approval of LPM

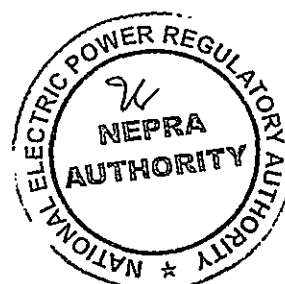
(i). In view of the above, the Authority is satisfied that the Licensee has complied with the requirements of the Licensing Regulations pertaining to the LPM. Therefore, the Authority in terms of Section-26 of the NEPRA Act read with Regulation-10(4) of the Licensing Regulations approves the communicated LPM without changes. Accordingly, the information given at Page-9 of the Revised/Modified Schedule-I of the Generation Licence under the Head "C" pertaining to "Fuel/Raw Material Details" is further modified/revised/amended as below:-



(C). Fuel/Raw Material Details

Sr. No.	Description	Existing Provision	Approved through this LPM
(i).	Primary Fuel	Imported Coal or Local Coal of equivalent specification	Imported Coal or Local Coal of equivalent specification or any suitable Biomass from various agriculture crops [of rice (rice husk), maize (corn cob), cotton (cotton sticks) and sugar cane (bagasse)] or blend of coal or biomass
(iii).	Fuel Source for each of the above (i.e. Imported/ Indigenous)	Imported Sub-Bituminous Coal from the countries surrounding Indian Ocean, i.e., Indonesia, South Africa, Botswana, or Australia, etc./Local Coal within the country from any available source	Imported Sub-Bituminous Coal from the countries surrounding Indian Ocean, i.e., Indonesia, South Africa, Botswana, or Australia, etc./Local Coal/Biomass within the country from any available source

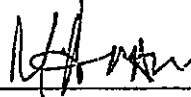
(ii). In consideration of the above, and subject to conditions specified hereinafter, the Generation Licence (No. SGC/152/2021, dated February 10, 2021 & Modification-I dated May 25, 2022) granted to MEL is hereby further modified, allowing the operation of the Generation Facility on Imported/Indigenous coal and any Biomass or blend of in any ratio. The Authority clarifies that except for the above modifications/changes all other details and terms and conditions of the Generation Licence (No. SGC/152/2021, dated February 10, 2021 & Modification-I dated May 25, 2022) including the granted Second Tier Supply Authorization, remain unchanged.



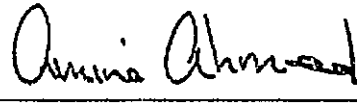
(iii). The approval of the LPM is subject to the provisions contained in the NEPRA Act, relevant rules & regulations framed there under, terms & conditions of the Generation Licence and other applicable documents.

Authority:

Engr. Maqsood Anwar Khan
(Member)



Ms. Amina Ahmed
(Member)



Engr. Waseem Mukhtar
(Chairman)

