



# NORTHERN POWER GENERATION COMPANY LIMITED

MEHMOOD KOT ROAD  
TPS MUZAFFAR GARH  
Phone# 066-9200165  
Fax # 066-9200166

Chief Executive Officer

No: CEO/MZG/Dir (Tech)/ 12863-67

Dated: 29/09/2016

The Registrar,  
National Electric Power Regulatory Authority  
NEPRA Tower, Ataturk Avenue (East), G-5/1,  
Islamabad

**Subject: Application for Licensee Proposed Modification from Northern Power Generation Company Limited GENCO-III**

I, Sikandar Ali Hakro, CEO, NPGCL, being the duly authorized representative of Northern Power Generation Company Limited (NPGCL) hereby apply to the National Electric Power Regulatory Authority (NEPRA) for the approval of Licensee Proposed Modification (LPM) in the Generation License of NPGCL No. GL/03 dated 1<sup>st</sup> July, 2002 pursuant to Regulation 10(2) of NEPRA (Application & Modification Procedure) Regulations, 1999 (AMPR).

I certify that the documents-in-support attached with this Application are prepared and submitted in conformity with the provisions of the AMPR, and undertake to abide by the terms and provisions of the above-said regulations. I further undertake and confirm that the information provided in the attached documents-in-support is true and correct to the best of my knowledge and belief.

A Bank Draft No.102671181 dated 29/09/2016 of Rs.668,951/- (Rupees – Six Hundred Sixty Eight Thousand Nine Hundred Fifty One only) being the Licensee Proposed Modification fee calculated in accordance with Schedule II to the AMPR, is also attached herewith after deduction of withholding Income Tax @ 8% i.e. Rs.58,169/-. The CPR of the same will be sent to you shortly.

For information &  
— DRO/DP-I  
Gp.b:  
— SA(T)-I  
— SA(Tech) - DE(ME) Co: Chairman  
— Dir (Lic)  
— LACU  
30.09.16  
VC/M(T)  
M(Lic)  
M(CA)

(Sikandar Ali Hakro)  
Chief Executive Officer

29.9.16

Registrar  
By No. 9428  
Dated: 30-09-16

Received along with Cheque  
29.9.16

**Northern Power Generation Company Limited**

Thermal Power Station, Mahmood Kot Road, Muzaffargarh, Punjab

Phone: 066-9200171/9200173 Fax: 066-9200172

**Company Secretary**

---

**COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF  
NORTHERN POWER GENERATION COMPANY LIMITED IN THEIR MEETING  
HELD ON 22/08/2016 AT 17:00 HRS. AT WAPDA HOUSE, LAHORE.**

**"Resolved** that petition for Licensee Proposed Modification (**the LPM**) be filed by and on behalf of Northern Power Generation Company Limited (**the "Company"**) with the National Electric Power Regulatory Authority (**"NEPRA"**) for determination and approval of the extension in Generation License of Gas Turbine Power Station, Faisalabad and Steam Power Station, Faisalabad having installed capacities of 244MW and 132MW, respectively".

**"Further resolved** that the Chief Executive Officer, Chief Engineer/ Technical Director and Chief Engineer (Thermal) Faisalabad be and are hereby jointly and individually authorized to sign all documentation, pay filing fees, appear before NEPRA and provide any information required by NEPRA in respect of the LPM and do all acts and things necessary for the processing, completion and finalization of the LPM".

  
\_\_\_\_\_  
Company Secretary

Seal



## NORTHERN POWER GENERATION COMPANY LIMITED

TeleNo. 066-9200293

Fax No. 066-9200166

Office Of The  
Chief Executive Officer  
Genco-III, NPGCL, TPS,  
Muzaffargarh

### **LICENSEE PROPOSED MODIFICATION IN THE GENERATION LICENSE (NO. GAL/03/2002 DATED JULY, 01, 2002 OF NPGCL/GENCO-III.**

The LPM is being submitted as per National Electric Power Regulatory Authority Licensing (Application and Modification Procedure) Regulations, 1999 clause (10.2) a~ c, as below,

#### **10.2 (a) The Proposed Modification**

In order to discharge its contractual obligations under the bilateral agreements with the companies, the Company is required to obtain and maintain a Generation License from NEPRA, which remains valid for the remaining life of the project. The Generation License of NPGCL (GENCO-III) has been granted by NEPRA vide No. GL/03/2002 (issued on July 01, 2002) is valid for 25 years i.e. up to 2027 and subsequently, vide Modification-II dated 31.10.2014, the Authority has re-fixed the term of Generation License up to the year 2044 with the addition of Nandipur CCPP Block. So legally the Generation License of NPGCL is valid and we understand that the expected useful life of the machines of SPS and GTPS Faisalabad does not mean the expiry of licensing period. Based on the aforesaid understanding the Licensee did not approach the Authority for the extension.

It is pertinent to mention that the grant of generation license is a critical regulatory consent without which the Company cannot perform its contractual obligations and generate and sell electric power and failure to maintain a valid Generation License will trigger default provisions under the bilateral agreements. Given the fact that after the modification II approved by Authority dated 31.10.2014, the Authority has re-fixed the term of Generation License up to the year 2044 with the addition of Nandipur CCPP Block. In the first Generation License issued by Authority, the tentative useful life of the machines of SPS and GTPS Faisalabad was written till 2012. **In view of the above**

explanation, the Company requires extension in the Useful life of Plants of SPS and GTPS Faisalabad in the Generation License till 2026, in order to make it consistent with the modification-II and term of the bilateral agreements.

## 10.2 (b) Statement of the reasons in support of the modification

In context of the issue that the Useful life of the plants of GTPS and SPS Faisalabad has expired in June 2012, it is pointed out that the useful life is mainly dependent upon two factors:-

- a. Safety Factor
- b. Efficient Operation of the Plant

### a) Safety Factor

As far as safety of the plants is considered, the Boiler Inspector of Directorate General Industries Government of Pakistan (Boiler Inspection Wing) conducts the inspection of boiler every year. During recent inspection of HRSG'S and Boiler dated 30-12-2015, boiler inspection declared that all the essential components like HP heater, HP evaporator, Economizer and LP heater are in healthy condition. He advised that these units should remain in operation to maintain healthiness of the boiler. The recommendation of Directorate General Boiler Inspection Wing dated 31.12.2015 is enclosed at (Annex-D).

### b) Efficient Operation of the Plant

The heat rates and efficiency of the GTPS Faisalabad and SPS Faisalabad Units were determined by the worthy Authority in 2006. The same has yet been maintained by the utmost efforts of the NPGCL team. The efficient operation of the plant can be witnessed by comparing it to NEPRA narrated data as below,

#### SPS Faisalabad:

Month	Station Name	Vide NEPRA Letter of APM Efficiency (%)	Actual Efficiency (%)
Mar-16	SPS Faisalabad	20 %	23.87 %
Apr-16			24.26 %
May-16			24.06 %

#### GTPS Faisalabad:

Month	Station Name	Vide NEPRA Letter of APM Efficiency (%)	Actual Efficiency (%)
-------	--------------	---	--------------------------

- ▶ U#4 was also up rated with advance technology parts in Aug 2014.
- ▶ The functional group control system of CCP replaced with new distributed control system (DCS) in 2012. The reliability of CCP is improved.

#### **Rehabilitation works of SPS**

- ▶ Replacement of HP heaters was carried out in 2012.
- ▶ Complete boiler Re-Tubing of Unit No.2 was done.
- ▶ Partial boiler Re-tubing of Unit #1 was carried out.
- ▶ Overhauling of Turbine Governor.'

In view of the above explanation, the Company requires extension in the generation license in order to make it consistent with the modification-II and term of the bilateral agreements.

#### **10.2 (c) Statement of the impact on the tariff, quality of service and the performance by the licensee of its obligations under the licence.**

The requested modification would benefit bulk consumers, as it would ensure that generation capacity continues to be available and maintained. Moreover, there will be no adverse impact on the quality of service provided by the Licensee is accepted. Further, there will be no adverse impact on the performance of the Licensee. The Company is not seeking any material change in the earlier granted generation license and consequently the details and schedules attached with the earlier generation license may be read with this Application.

#### **Impact of the Proposed Modification**

##### **a) Impact on Tariff**

It is pertinent to mention that the proposed amendments do not impact the tariff in any manner.

##### **b) Impact on Quality of Service**

The Company certifies that the quality of service and performance of the company under the license shall not be affected on acceptance by NEPRA of this LPM.



Mar-16	GTPS Faisalabad	24 %	29.84 %
Apr-16			30.24 %
May-16			30.28 %

From the above facts and figures, it is evident that SPS and GTPS both stations are operating at efficiency above than that narrated by NEPRA in proposed APM.

Furthermore, it is worth to mention here that the expected useful life given while applying for Generation License in 2002 was a tentative figure and was based upon running hours of the plant, while from 2002, different units remained in standby position for years. The underneath table describes the period for which each unit actually remained in operation, from which it can be concluded that actual running life is yet remaining, if for instance life of ten years is considered correct from issuance of Generation License i.e. 2002,

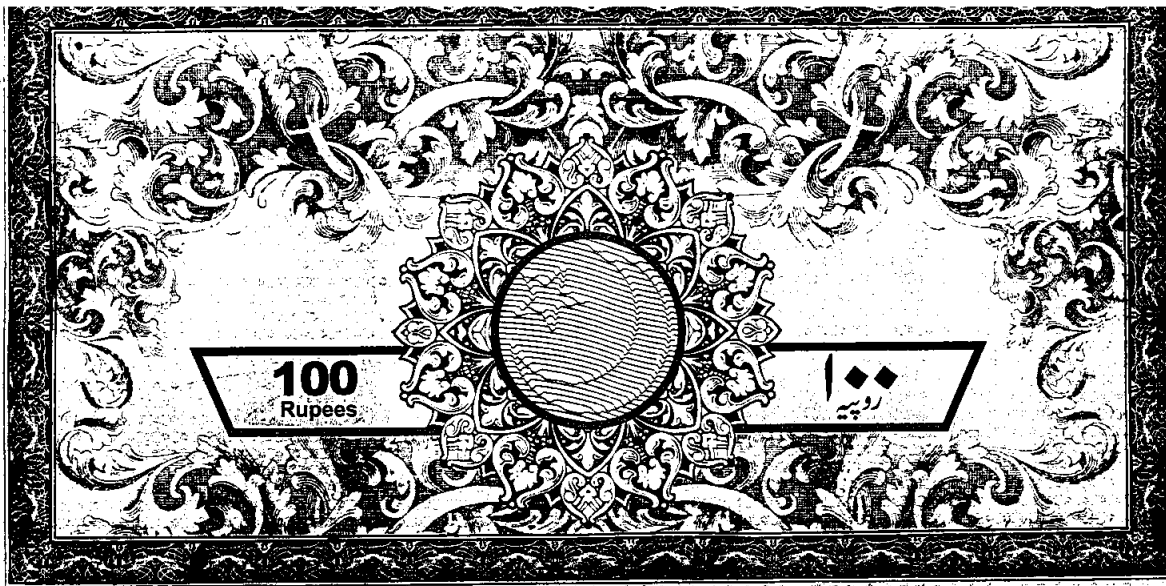
#### **GTPS Faisalabad**

Units	Running Hours from July-2002	Running Years
1	17,381.00	2.00
2	17,058.00	2.00
3	17,864.00	2.00
4	18,197.00	2.50
5	37,375.00	4.25
6	33,197.00	4.00
7	33,593.00	4.00
8	38,240.00	4.25
9	40,875.00	4.50
<b><u>SPS Faisalabad</u></b>		
1	53,133.00	6.07
2	54,050.00	6.17

Moreover, there is no fixed useful life of the plants given by original equipment manufacturer (OEM). The notional figure of 30 years of life can be taken for steam plants for calculation purpose but in reality, the plants can be run far more than 30 years, if proper maintenance of the plants is being performed and the units are being rehabilitated off and on for efficient operation. In this regard following works have been performed on GTPS and SPS Faisalabad to improve their life span:-

#### **Rehabilitation works of GTPS,**

- ▶ Units #5-8 have been upgraded with advance technology parts in recent years due to which the reliability, efficiency and life of these units has enhanced.



### AFFIDAVIT

#### BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

I, Sikandar Ali Hakro, Chief Executive Officer, Northern Power Generation Company Limited (Generation Licensee # GL/03/2002) being duly authorized representative / attorney of Northern Power Generation Company Limited, hereby solemnly affirm and declare that the contents of the accompanying Petition / application No. 12863-67 dated <sup>29</sup>~~28~~.09.2016 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

(Sikandar Ali Hakro)  
Chief Executive Officer, NPGCL

Verified on oath this 28<sup>th</sup> Day of September 2016 that the contents hereof are true and correct to the best of my knowledge and belief and nothing has been concealed.

DEPONENT

(Sikandar Ali Hakro)  
Chief Executive Officer, NPGCL

28/9