



# LUCKY ENERGY (PVT) LTD.

Head Office: L-A, 2/B, Block-21, Federal "B" Area, Karachi-Pakistan. Tel: (92-21) 36321311 - 36334729 Fax: (92-21) 36334729  
Cell: +92-331-2046324 Email: fazalpowerhouse@gmail.com, luckyenergypower@gmail.com Web: www.luckyenergy.net

**The Registrar  
National Electric Power Regulatory Authority ("NEPRA")  
NEPRA Tower, Attaturk Avenue (East)  
Sector G-5/1, Islamabad.**

**Subject: License Proposed Modification Application- on behalf of Lucky Energy (Pvt) Limited (the "Company")**

Dear Sir,

I, Muhammad Toufique, Director Finance of Lucky Energy (Pvt.) Limited., is the duly authorized representative on behalf of the Company by virtue of a Board Resolution, appended herewith, hereby apply to the National Electric Power Regulatory Authority ("NEPRA or Authority") for the modification of our Generation License No SGC/30/2005 dated 15<sup>th</sup> January 2015 pursuant to Regulation 10(2) of the National Electric Power Regulatory Authority (Application and Modification Procedure) Regulations, 1999 (the "AMPR")

I certify that the documents-in-support attached with this application are prepared and submitted in conformity with the provisions of the NEPRA (Application and Modification Procedure) Regulations 1999 (the "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 **Cheque No. 70079428** dated **06 July, 2017**, in the sum of Pakistan **Rs 374,000/-** being the non-refundable license application fee calculated in accordance with Schedule II to the Regulations for the modification of the license, is also attached herewith.

Yours Sincerely

Director Finance  
Lucky Energy (Pvt.) Limited.



**BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY**

**PETITION FOR LICENSEE PROPOSED MODIFICATION OF  
LICENSE**

**NO SGC/30/2005**

**ON BEHALF OF**

**LUCKY ENERGY (Pvt.) LIMITED**

**Dated: 06-07-2017**

**Submitted By:**

<b>Petitioner</b>	<b>Legal Consultants</b>
<b>Lucky Energy Pvt. Limited</b> L-A, 2/B, Block-21 Federal "B" Area Karachi	<b>Saqlain Arshad &amp; Co.</b> <b>Advocate &amp; Corporate Counsels</b> 65, Garden Block New Garden Town, Lahore Tel: 0423-5884064-66 <a href="http://www.saqlainarshad.com">www.saqlainarshad.com</a>

**PETITION FOR LICENSEE PROPOSED MODIFICATION**

**(MODIFICATION IV)**

**IN LICENSE No SGC/30/2005**

**ON BEHALF OF LUCKY ENERGY (PVT) LIMITED**

**PRELIMINARY SUBMISSIONS:**

1. Lucky Energy (Pvt.) Limited (the "Company" or "LEPL") in pursuance of Section 26 of the Regulation of Generation Transmission and Distribution of Electric Power Act 1997("the Act"), read with Regulation 10(2) of the (Application and Modification Procedure) Regulations, 1999(the "AMPR") and other applicable provisions of the Act, Rules, Regulations and applicable documents submits this Licensee Proposed Modification Application("the LPM") in respect of its Generation License No.SGC/30/2005(the "License").
2. The Authority had granted the Generation License (No. SGC/30/2005 dated April 19,2005 and also allowed subsequent modificationsno. I, II and III) to LEPL for its four(04) distinctly located Natural Gas (NG) based Generation Facilities, located at Federal B area and SITE Karachi, in the province of Sindh.
3. As per the Modification III dated 15-01-2015, the LEPL has the installed capacity of approximately 46.57 MW generation facilities with four generating plants, namely Plant I, II, III and IV located in



three distinct areas. The Plant I is located in 57-KM Super Highway Karachi, the Plant II and III are located are located in "B" Area Karachi and the Plant IV is located in Site, Karachi. As per Modification III, the accumulative capacity of Plant I, II, III, IV are respectively 19.65 MW, 2.475 MW, 21.53 MW and 2.195 MW.

4. It is pertinent to state that all the Plants and the Bulk Power Consumers ("BPCs") of LEPL are located within the private property and LEPL has no electric connection from K-Electric or the HESCO. It is also relevant to state that all the Feeders are also located within the private property of Bulk Power Consumers and no Feeder or Power Cable crosses over or pass any DISCO's distribution network. It is further submitted that LEPL and all the Bulk Power Consumers are associated undertakings.
5. As stated above that all the Plants and Feeders are located within the private property of the Petitioner's group of companies and none of the BPCs have connection from K-Electric therefore neither the exclusivity of K-Electric is affected nor any prejudice will be caused to K-Electric under the proposed modification through the instant Petition.
6. It is submitted that LEPL has a valid GSA signed with the Sui Southern Gas Company Limited under which it has sufficient gas allocation to run the Plant as per the Proposed Modification and the additional generation will not require enhancement of gas load. It is further submitted that LEPL shall strictly comply with the terms of the



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GSA with SSGC to operate the Plant under the Proposed Modification.

7. With the above background the LEPL communicates to the honorable Authority a licensee proposed modification setting out the instant Modification No. IV as per following details:



## A) TEXT OF THE PROPOSED MODIFICATION

1. LEPL seeks permission of the honorable Authority to modify its existing generation license granted as per Modification III dated 15-01-2015. Under the instant petition, the Installed Capacity of the Plant will be enhanced from 46.57 MW to 56.575 MW, the detail of the proposed modification is given as under:

### PROPOSED CHANGE INCAPACITY OF PLANT:

PLANT DETAIL	AS PER EXISTING MODIFICATION III	PROPOSED MODIFICATION IV
PLANT I (57 KM Super Highway)	<p>5 x 1.95 MW CATERPILLAR G3520C +</p> <p>2 x 3.3 MW JENBACHER JGS620F +</p> <p>1 x 3.3 MW MWM CG260-12 =</p> <p><b>Total 19.65 MW</b></p>	<p>5 x 1.95 MW CATERPILLAR G3520C +</p> <p>4 x 3.3 MW JENBACHER JGS620F &amp; JMS620H +</p> <p>1 x 4.4 MW JENBACHER JMS624H +</p> <p>1 x 3.3 MW MWM CG260-12 =</p> <p><b>Total 30.65 MW</b></p>
PLANT II (L-8 Block 21 FB AREA)	<p>1 x 0.965 MW CATERPILLAR G3516 A +</p> <p>1.51 MW MWM CG170-16 =</p> <p><b>Total 2.475 MW</b></p>	<p>1.51 MW MWM CG 170-16 =</p> <p><b>Total 1.51 MW</b></p>
		<p>3 x 3.3 MW JENBACHER JMS620F +</p>



<b>PLANT III</b> (L-3 Block 21 FB Area)	<b>1 x 1.95 MW CATERPILLAR</b> <b>G3520 C</b> + <b>4 x 3.3 MW</b> <b>MWM CG260-12</b> + <b>4 x 1.6 MW CATERPILLAR</b> <b>D3516B</b> = <b>Total 21.53 MW</b>	<b>1 x 4.4 MW</b> <b>JENBACHER JM S624H</b> + <b>1 x 1.6 MW</b> <b>CUMMINS DIESEL</b> <b>ENGINE</b> + <b>2 x 2.8 MW</b> <b>CUMMINS DIESELENGINE</b> = <b>Total 21.5 MW</b>
<b>PLANT IV</b>	<b>1 x 1.95 MW CATERPILLAR</b> <b>G3520 C</b> + <b>1 x 0.965 MW</b> <b>CATERPILLAR G3516 A</b> <b>Total 2.915 MW</b>	<b>1 x 1.95 MW CATERPILLAR G3520</b> <b>C</b> + <b>1 x 0.965 MW</b> <b>CATERPILLAR G3516 A</b> <b>Total 2.915 MW</b>



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**DETAIL OF ADDITION AND RETIRED ENGINES:**

PLANT	ADDITION	DELETION
PLANT I	2 x 3.3 MW JENBACHER JMS620H  1 x 4.4 MW JENBACHER JMS624H	None
PLANT II	None	1 x 0.965MW  CATERPILLAR G3516 A
PLANT III	3 x 3.3 MW JENBACHERJMS620F + 1 x 4.4 MW JENBACHER JM S624H + 1 x 1.6 MW CUMMINS DIESEL ENGINE + 2 x 2.8 MW CUMMINS DIESELENGINE	1 x 1.95 MW CATERPILLAR G3520 C  4 x 3.3 MW MWM CG260-12  4 x 1.6 MW CATERPILLARD3516B
PLANT IV	No change	No change



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**CHANGE IN CAPACITY OF PLANT AS PER MODIFICATION IV:**

PLANT	CAPACITY ACCORDING TO MODIFICATION III	PROPOSED CHANGE IN CAPACITY AS PER MODIFICATION IV
PLANT-I	19.65 MW	30.65 MW
PLANT-II	2.475 MW	1.51 MW
PLANT-III	21.53 MW	21.5 MW
PLANT-IV	2.915 MW	2.915 MW
TOTAL	46.57 MW	56.57 MW

**DETAIL OF BULK POWER CONSUMERS:**

PLANT	Number of BPCs	BPCs as per Modification III	Number of BPCs	BPCs as per Modification IV
PLANT-I	02	1.Fazal Textile 2.GadoonTextile	03	1.Gadoon Textile* 2.Lucky Textile Mills 5 3.Lucky knits
PLANT-II	01	Lucky Textile Mills No.1	01	Lucky Textile Mills No.1
PLANT-III	01	Lucky Textile Mills No.2	03	1.Lucky Textile MillsNo.2 2.Lucky Knits 3.Lucky Land Mark Pvt. Ltd.
PLANT-IV	01	Lucky textile Mills No.3	01	Lucky Textile Mills No.3

\*Fazal Textile has been merged in Gadoon Textile through order passed by Honorable Sindh High Court.



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**DETAIL OF BULK POWER CONSUMERS LOAD:**

PLANT	Name of BPCs	CONTRACTED LOAD @ 90 %
PLANT-I	1.Gadoon Textile 2.Lucky Textile Mills 5 3.Lucky knits	17.5 MW 06 MW 0.5 MW
PLANT-II	Lucky Textile Mills No.1	1.3 MW
PLANT-III	1.Lucky Textile MillsNo.2 2.Lucky Knits 3.Lucky Land Mark Pvt. Ltd.	1.5 MW 0.7 MW 9 MW
PLANT-IV	Lucky Textile Mills No.3	2.43 MW

**DETAIL OF FEEDERS:**

PLANT	BPCs as per Modification IV	Feeder No.	Length of Feeder
PLANT-I	1.Gadoon Textile* 2.Lucky Textile Mills 5 3.Lucky knits	06 02 01	1000 Mts (each) 800 Mts (each) 300 Mts
PLANT-II	Lucky Textile Mills No.1	01	30 Mts
PLANT-III	1.Lucky Textile MillsNo.2 2.Lucky Knits 3.Lucky Land Mark Pvt. Ltd.	01 01 04	250 Mts 100 Mts 100 Mts (Each)
PLANT-IV	Lucky Textile Mills No.3	01	100 Mts



## **B) STATEMENT OF REASONS IN SUPPORT OF THE PROPOSED MODIFICATION**

1. It is submitted that LEPL is supplying electricity to its BPCs in accordance with the Generation License and Modification III allowed by NEPRA on 15-01-2015.
2. Please note that the Proposed Modification as stated above shall be in public interest as it will allow the LEPL to supply uninterrupted power to its BPCs which will result in increase in production of the BPCs to boost the economy of the Country.
3. The newly installed engines are highly fuel efficient and therefore consume lesser gas with high reliability which ensures the continuous supply of power to the BPCs.
4. In result of the Proposed Modification the production of the BPCs will be enhanced and it will also provide employment opportunities to the skilled and non-skilled workers of the country.
5. Kindly note that the Proposed Modification is in conformity to the applicable documents and specifically Regulation 10 (5) of the Regulations and:
  - (a) does not adversely affect the performance by the licensee of its obligations;
  - (b) does not cause the Authority to act or acquiesce in any act or omission of the licensee in a manner contrary to the provisions of the Act or the rules or regulations made pursuant to the Act;
  - (c) is or is likely to be beneficial to the consumers;
  - (d) is reasonably necessary for the licensee to effectively and efficiently perform its obligations under the license; and
  - (e) 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.



**C) STATEMENT OF THE IMPACT OF TARIFF, QUALITY OF SERVICE AND THE PERFORMANCE BY THE LICENCEE COMPANY AND ITS OBLIGATIONS UNDER THE GENERATION LICENCE**

**IMPACT OF TARIFF:**

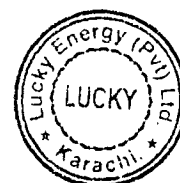
It is submitted that the Proposed Modification will not impact the tariff. Since all the arrangement of generation and supply of power is within private property of the LEPL and BPCs therefore it will not affect any third party and LEPL will supply power to its BPCs at mutually agreed rates.

**IMPACT ON QUALITY OF SERVICE AND THE PERFORMANCE BY THE LICENCEE**

LEPL undertakes that quality of service and the performance by the Company under the License shall not be affected on acceptance by NEPRA of the LPM application being filed by LEPL.

**IMPACT ON OBLIGATIONS OF LICENCEE:**

Under the Proposed Modification, LEPL will supply power to the existing BPCs as well as another Four BPCs as stated above. It is submitted that LEPL will supply enhanced power to new added BPCs which will not impact LEPL's obligation towards its existing BPCs whom LEPL shall undertake to supply continuous and reliable power.



**PRAYER:**

In view of the above it is respectfully submitted that the honorable Authority may please to approve the Proposed Modification IV in the Generation License of the LEPL communicated through the instant Petition.

The Authority may please to call for any information from LEPL in connection with the Proposed Modification. Any other adequate relief may also be granted to give effect to the Proposed Modification by the Honorable Authority.

Petitioner 



For and on behalf of  
Lucky Energy Private Limited



Through:



SAQLAIN ARSHAD & Co.  
ADVOCATES & CORPORATE COUNSELS  
65 Garden Block, New Garden Town, Lahore -54660 Pakistan  
Phone: +92-42- 35884065-66, 0321-4402262  
Web: [www.saqlainarshad.com](http://www.saqlainarshad.com)  
Email: [msa@saqlainarshad.com](mailto:msa@saqlainarshad.com)



# LUCKY ENERGY (PVT) LTD.

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Cell: +92-331-2046324 Email: fazalpowerhouse@gmail.com, luckyenergypower@gmail.com Web: www.luckyenergy.net

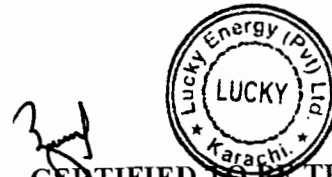
## EXTRACT OF A RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF Lucky Energy (Pvt) LIMITED THROUGH RESOLUTION BY CIRCULATION ON 02 May 2017, AT KARACHI.

### "Modification of NEPRA Generation License No. SGC/30/2005"

RESOLVED THAT the Company be and is hereby authorized to file Licensee Proposed Modification Application (the "LPM") in respect of Generation License # No. SGC/30/2005 (The "License") under NEPRA laws with the National Electric Power Regulatory Authority (NEPRA)

FURTHER RESOLVED THAT Mr. Muhammad Toufique, Director Finance/Company Secretary is hereby authorized for and on behalf of the Company to sign all necessary documents, pay necessary fee, appear before the Authority as needed and to do all such acts necessary for processing and Completion of this License Proposed Modification.

FURTHER RESOLVED THAT M/s Saqlain Arshad & Co., Advocate and Corporate Counsels, 65-Garden Block, New Garden Town Lahore to appear and act for the Company as its counsel in connection with the processing, presentation of the Company's LPM. Further resolved that the said Advocates or any one of them to do all acts and things necessary for the processing, completion and finalization of the LPM with NEPRA.

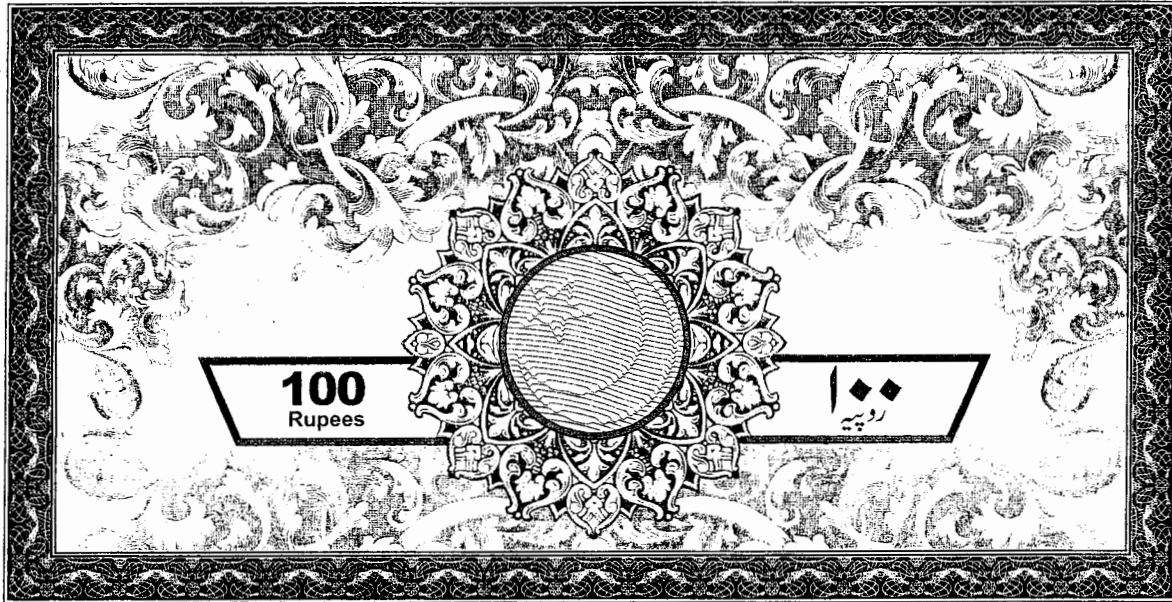


CERTIFIED TO BE TRUE COPY  
Lucky Energy (Pvt.) Limited.



A Part of

YBG



M. IMRAN KHAN STAMP VENDOR  
License No. 121, Shop No. 28, S.I.T.E. Market Karachi

24 MAY 2017

S. No. 9317 Date: .....  
Issued to With Address: .....  
Through With Address: .....  
Printed: .....  
Value Rs: .....  
Stamp Vendor's Signature: .....  
Not For Used Bank Guaranty/will/divorce  
Vendor Not Responsible Any Fake Documentation

ONE HUNDRED ONLY

### POWER OF ATTORNEY

We, Lucky Energy (Pvt.) Limited, (the "Company"), hereby appoint and constitute M/s Saqlain Arshad & Co. Advocates and Corporate Counsels to appear and act for us as our advocates in connection with the Licensee Proposed Modification Application (the "LPM") filed in respect of its Generation License # No.SGC/30/2005 (the "License") under NEPRALaws with the National Electric Power Regulatory Authority (NEPRA).

I/We also authorize the said Advocate or any one of them to do all acts and things necessary for the processing, completion and finalization of the Petition with NEPRA.

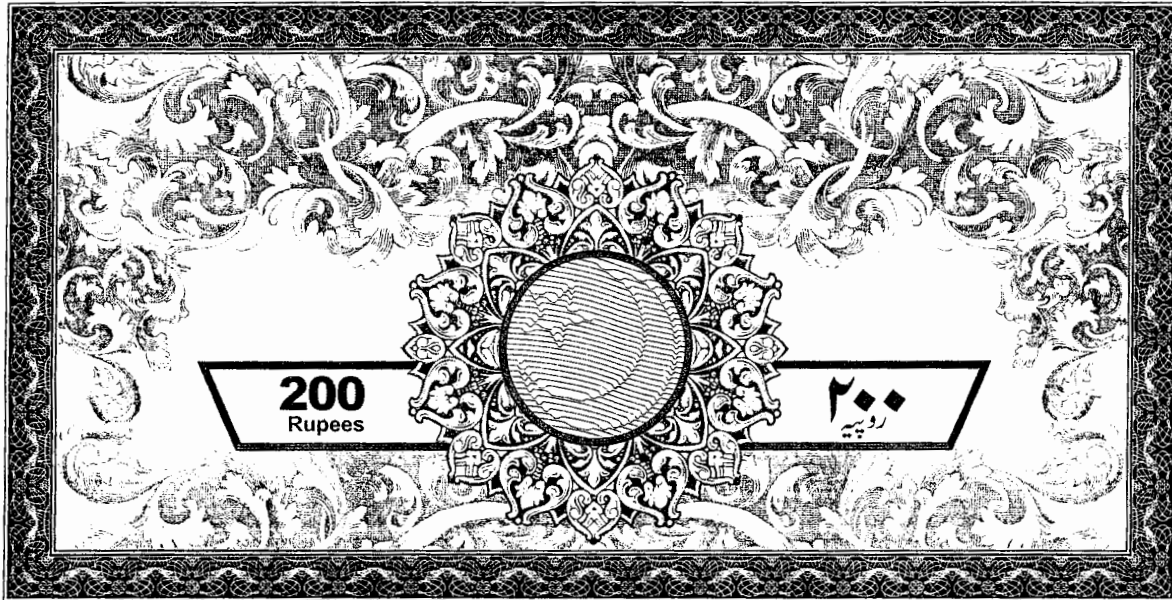
For and on behalf of  
LUCKY ENERGY (Pvt.) LIMITED



SAQLAIN ARSHAD & CO.  
ADVOCATES & CORPORATE COUSELS  
65- GARDEN BLOCK, NEW GARDEN TOWN  
LAHORE.

21  
DIRECTOR FINANCE COMPANY SECRETARY



**IMRAN-UDDIN STAMP -VENDOR**

License No. 98680

City Court Adm. (Imran)

No. ....  
 Issued To With Address ..... *Agha Ali*  
 Through With Address ..... Advocate  
 PURPOSE .....  
 Value Rs. ....  
 Stamp Vendor Signature.....

78 JAN 2017

**PETITION FOR LICENSEE PROPOSED MODIFICATION OF LICENSE #**  
**SGC/30/2005**

ON BEHALF OF

LUCKY ENERGY (PVT.) LIMITED.

**AFFIDAVIT**

I, Mr. Muhammad Toufique Director Finance/Company Secretary of Lucky Energy (Pvt.) Limited hereby solemnly affirm and declare that the contents of the accompanying Licensee Proposed Modification Application (the "LPM") in respect of Generation License No. SGC/30/2005 (the "License") is true and correct to the best of my knowledge and belief and the nothing material has been concealed there from.

I also affirm that all further documentation and information to be provided by me in connection with the accompanying application for the modification of our Generation License will also be true to the best of my knowledge and belief.

KARACHI

DATE: 06 July 2017

DEPONENT







**National Electric Power Regulatory Authority**  
Islamic Republic of Pakistan

**Registrar**

2nd Floor, OPF Building, G-5/2, Islamabad  
Ph: 9207200, Fax: 9210215  
E-mail: office@nepra.org.pk  
Direct Phone: (051) 9206500  
Website: www.nepra.org.pk

No. NEPRA/R/LAG-65/144-45

27-4-2005

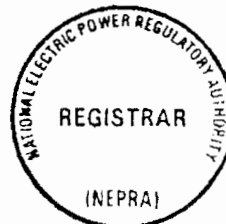
General Manager Finance & Company Secretary,  
Lucky Energy (Pvt) Ltd.  
L-A, 2/B, Block # 21, Federal "B" Area,  
Rashid Minhas Road,  
Karachi

Subject: **Grant of Generation Licence SGC/030/2005**  
**Licence Application No. LAG - 65**  
**M/s. Lucky Energy (Pvt) Ltd.**

Please refer to your application No. nil dated April 21, 2001 to NEPRA for a Generation Licence.

2. Enclosed here is Generation Licence No. SGC/030/2005 granted by the Authority to M/s. Lucky Energy (Pvt) Ltd. The Licence is granted to you pursuant to Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
3. Also enclosed here is the 'Authorization' pursuant to Section 22 of the Act and Rule 7 of NEPRA Licensing (Generation) Rules - 2000 for sale to bulk power consumers.
4. Please quote above mentioned Generation Licence No. in your future correspondence with the Authority.

DA/as above.



*(Signature)*  
27.4.05  
(Mahjoob Ahmad Mirza)

Copy for information to Director General, Pakistan Environmental Protection Agency,  
44-E, Office Tower, Blue Area, Islamabad.

**National Electric Power Regulatory Authority  
(NEPRA)  
Islamabad – Pakistan**

**GENERATION LICENCE**

No. SGC/030/2005

In exercise of the Powers conferred on the National Electric Power Regulatory Authority under Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Authority hereby grants a Licence to:-

Lucky Energy (Pvt.) Limited  
(Combined Installed Capacity: 12.545 MW)

Incorporated under the Companies Ordinance, 1984  
Under Certificate of Incorporation

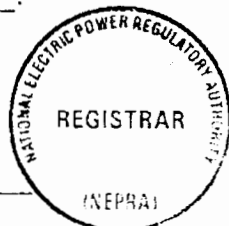
No. K-04740 Dated 24th July 1993

to engage in generation business subject to and in accordance with the Articles of this Licence.

Given under my hand this 19<sup>th</sup> day of April, Two Thousand and Five and expires on 18<sup>th</sup> day of April, Two Thousand and Twenty Three.

*[Handwritten signature]*

Registrar



*[Handwritten mark]*

*[Handwritten mark]*

**Article 1**  
**Application of Rules**

Save as expressly provided otherwise, the provisions of the National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000 as amended from time to time shall apply to this Licence.

**Article 2**  
**Definitions**

Unless there is anything repugnant in the subject or context and save as expressly defined hereinafter, words and expressions used in this Licence bear the respective meanings given thereto in the Act or in the Rules.

**Article 3**  
**Grant of Licence**

- 3.1 The location, size (capacity in MW), technology, interconnection arrangements, technical limits, technical functional specifications and other details specific to the generation facilities of the licensee are set out in Schedule 1 to this Licence.
- 3.2 The net capacity of the licensee's generation facilities is set out in Schedule II hereto.

**Article 4**  
**Licence fee**

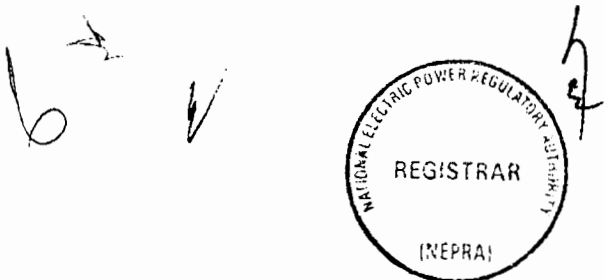
After the grant of the Generation Licence, the licensee shall pay to the Authority the Licence fee, in the amount and manner and at the time set out in National Electric Power Regulatory Authority (Fees) Rules, 2002

**Article 5**  
**Term and renewal of Licence**

This Licence is granted for a term of Eighteen (18) years.

**Article 6**  
**Tariff**

The licensee shall charge from its consumers only such tariff which is either approved or specified by the Authority.



**Article 7**  
**Distribution Facilities of Licensee**

Not Applicable

**Article 8**  
**Connection to Transmission System,  
Compliance with Grid Code,  
Pooling and Settlement Arrangement**

Not Applicable

**Article 9**  
**Generating Capacity Reserve Requirements**

The installed generating capacity of the licensee shall not fall below (95% in the case of single consumer on a distribution feeder) of the connected load and generating capacity of the largest installed unit at the time of application for generation Licence.

**Article 10**  
**Compliance with Performance Standards**

The licensee shall conform to the relevant NEPRA rules on Performance Standards as may be prescribed by the Authority from time to time.

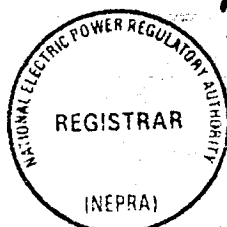
**Article 11**  
**Compliance with Environmental Standards**

The licensee shall conform to the environmental standards as may be prescribed by the relevant competent authority.

**Article 12**  
**Maintenance of record**

- 12.1 The licensee shall keep complete and accurate record and the data in respect of all aspects of the generation business and the second-tier supply business, in their original as well as in electronic form.

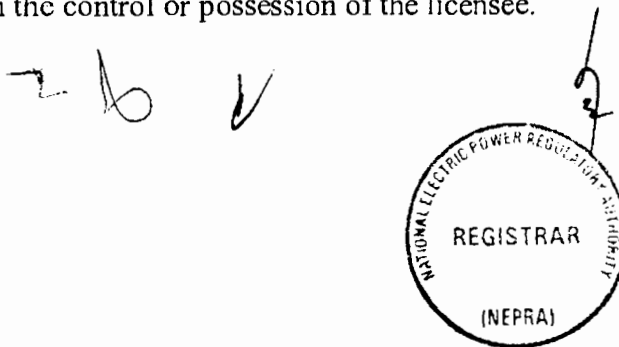
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- 12.2 Without prejudice to the provisions of sub-rule 15(3) of the Rules, unless provided otherwise under the law or the applicable documents, all record and data shall be maintained for a period of 5 years after the creation of such record or data. The licensee shall not destroy or dispose off any such record or data after the aforesaid period without thirty days prior written notice to the Authority. The licensee shall also not dispose off or destroy any record or data which the Authority directs the licensee to preserve.
- 12.3 All record and data maintained in an electronic form shall, subject to just claims of confidentiality, be accessible to the staff authorized by the Authority.

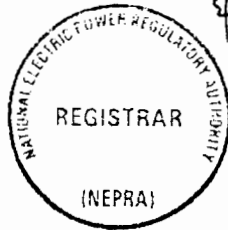
**Article 13**  
**Provision of information**

- 13.1 The obligation of the licensee to provide information to the Authority shall be in accordance with Section 44 of the Act.
- 13.2 The licensee shall be subject to such penalties as may be specified in the relevant rules made by the Authority for failure to furnish such information as may be required from time to time by the Authority and which is or ought to be or have been in the control or possession of the licensee.

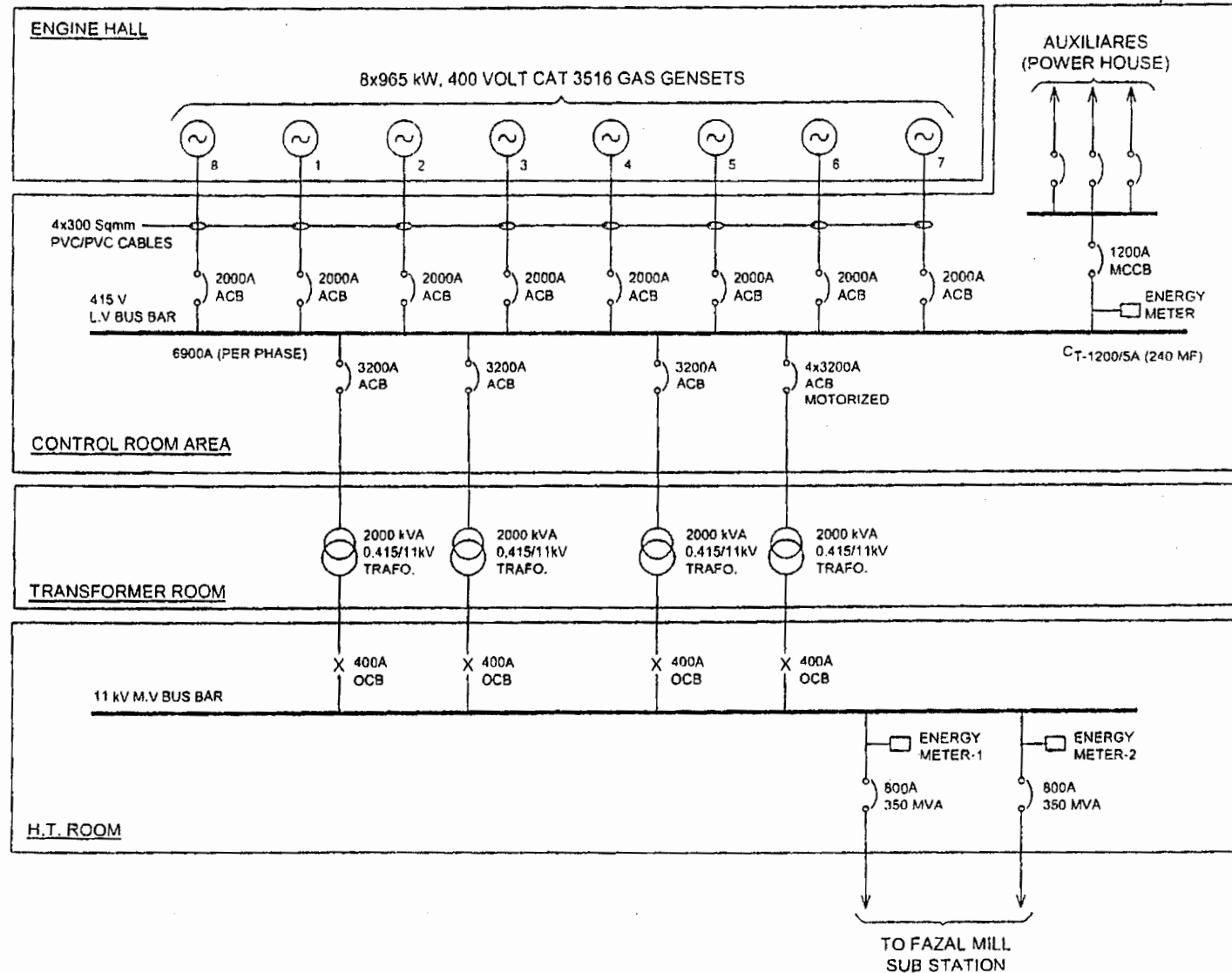


## **SCHEDULE-I**

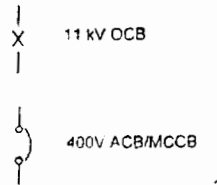
The location, size (capacity in MW) technology interconnection arrangements, technical limits technical functional specifications and other details specific to the generation facilities of the licensee



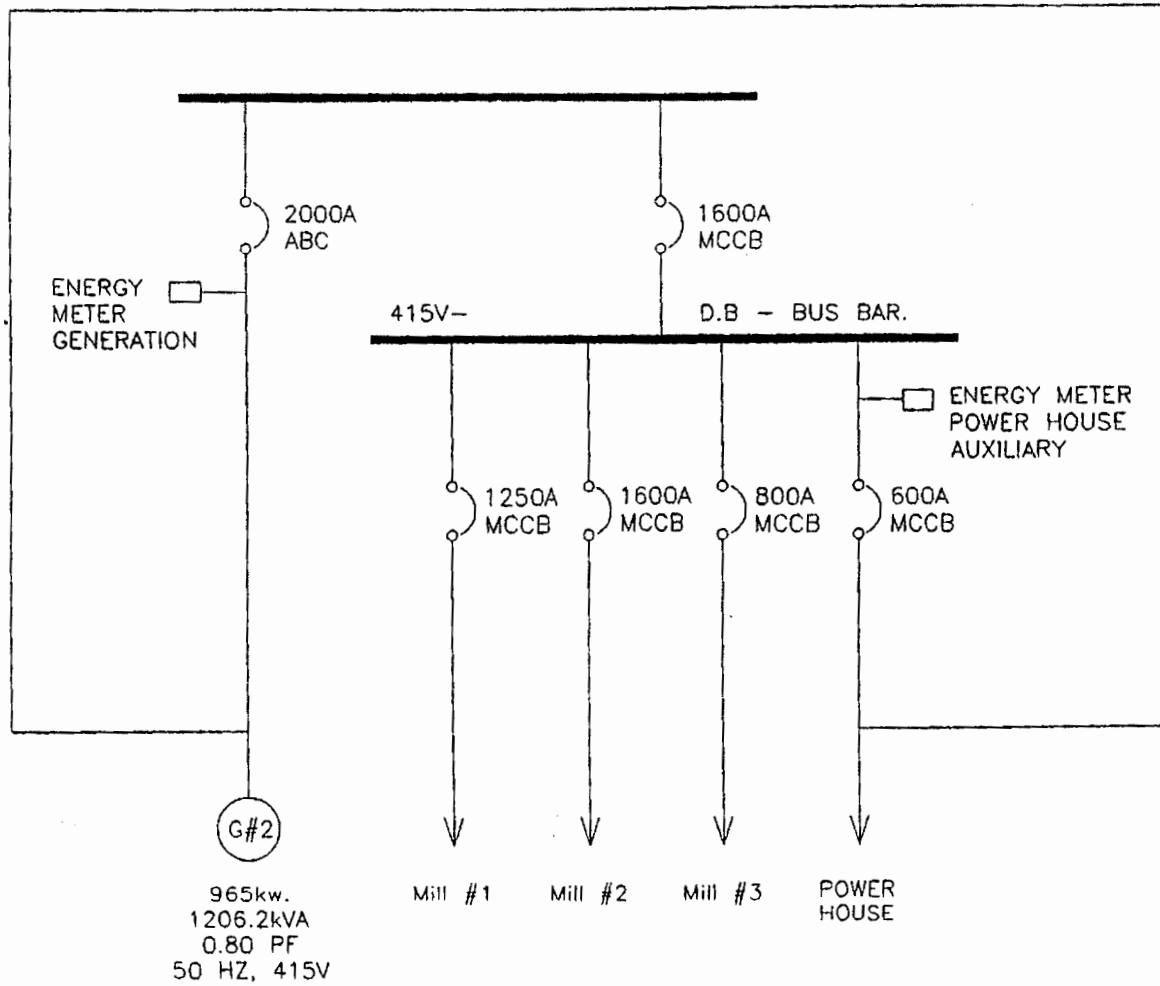
# SINGLE LINE DIAGRAM OF LUCKY ENERGY (PVT) LTD, POWER HOUSE AT FAZAL TEXTILE MILLS LTD. LA-2/B, F.B. AREA BLOCK 21 KARACHI.



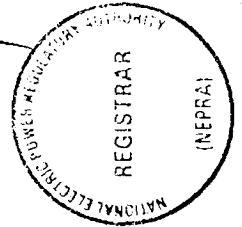
## LEGEND



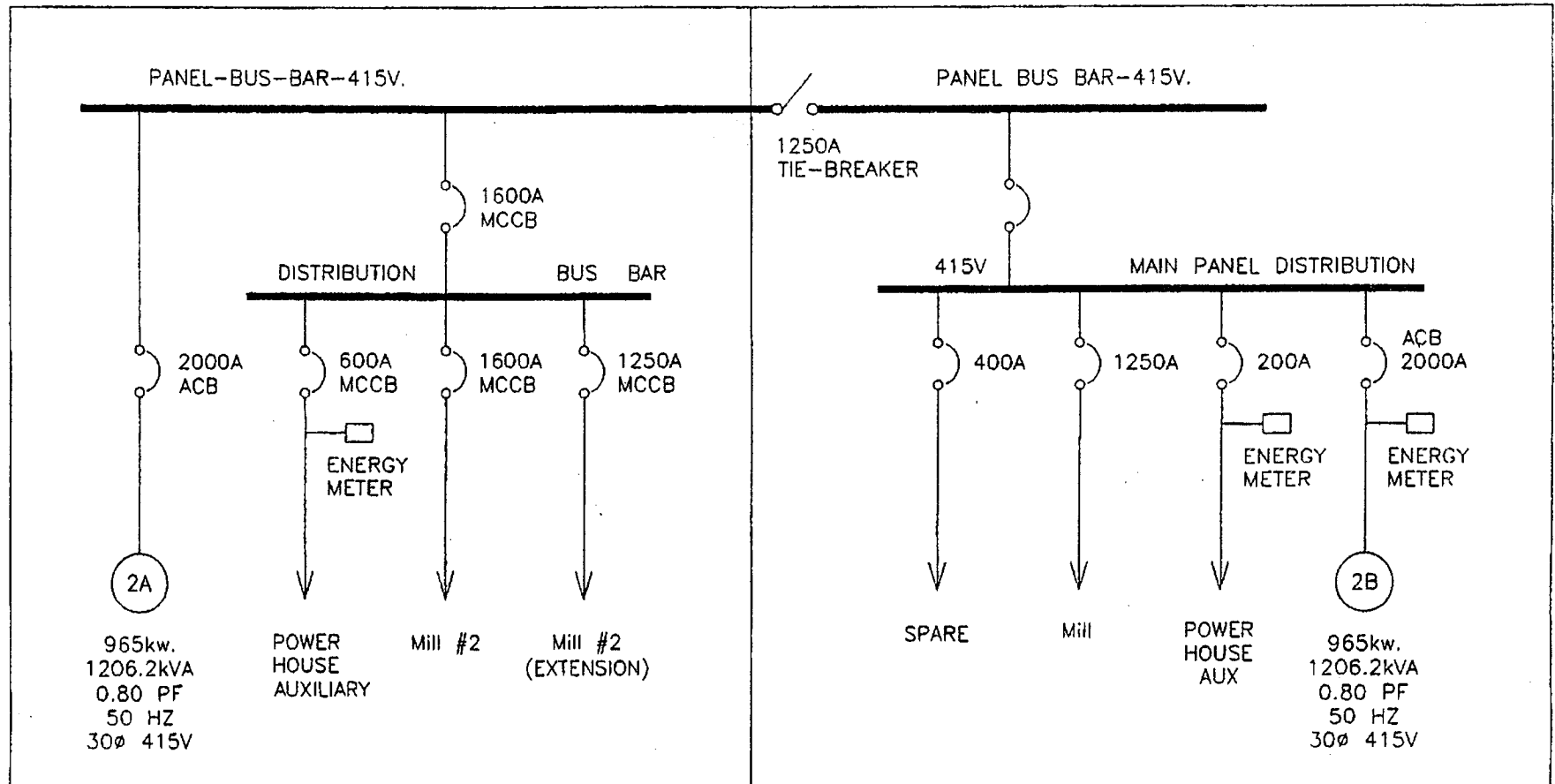
# SINGLE LINE DIAGRAM OF POWER HOUSE LUCKY ENERGY (PVT) LTD, AT LUCKY TEXTILE MILL NO.1 L-8, BLOCK-21 F.B. AREA KARACHI.

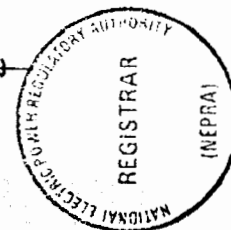




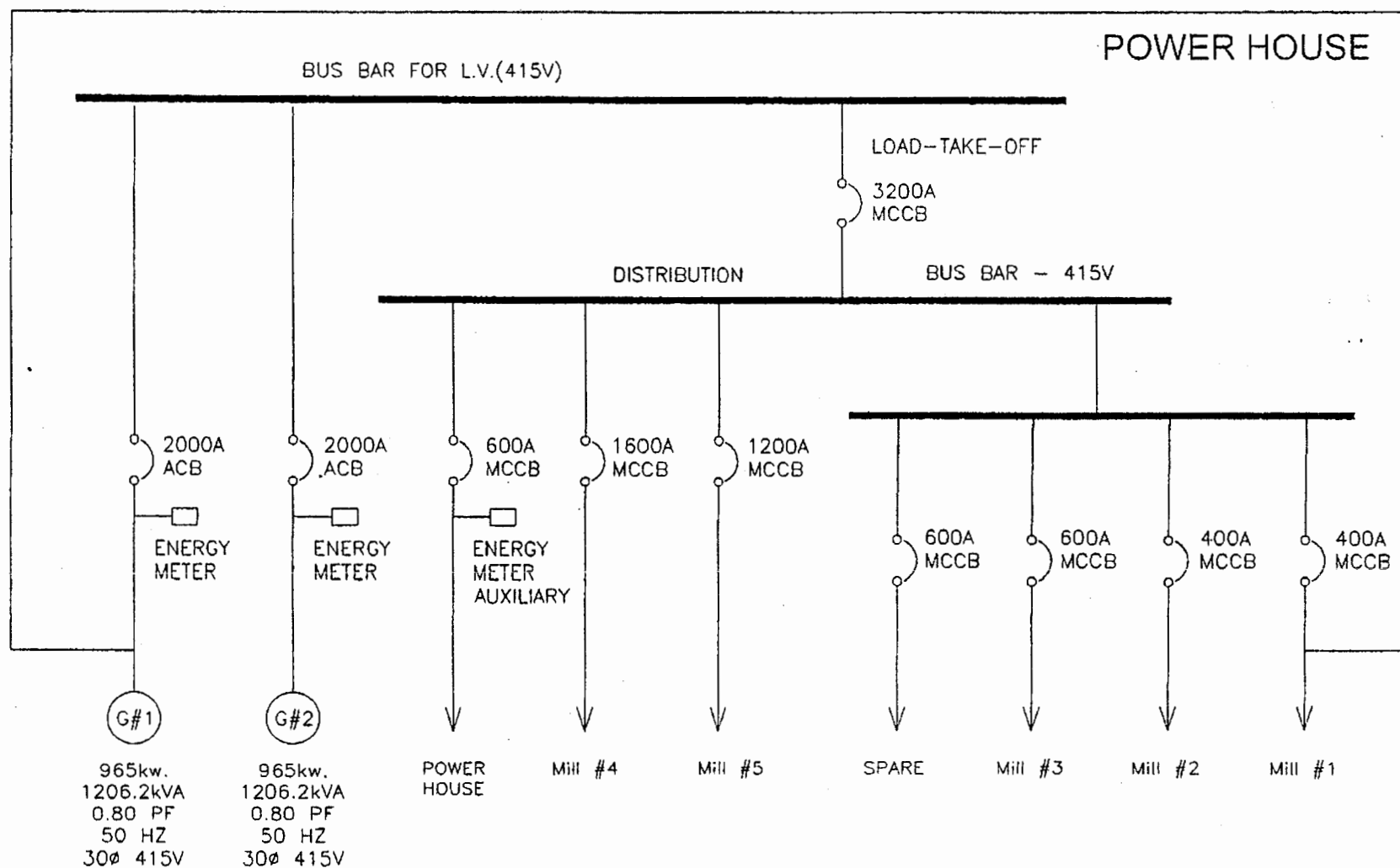


# SINGLE LINE DIAGRAM OF POWER HOUSE LUCKY ENERGY (PVT) LTD, AT LUCKY TEXTILE MILL NO.2 L-8, BLOCK-21 F.B. AREA KARACHI.





# SINGLE LINE DIAGRAM OF POWER HOUSE LUCKY ENERGY (PVT) LTD, AT LUCKY TEXTILE MILL NO.3 A/8-C, KARACHI.



### PLANT DETAILS

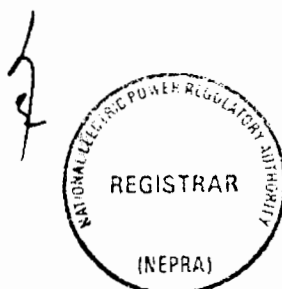
1.	Name of Applicant	Lucky Energy (Pvt.) Ltd.
2.	Registered Office	L-8, Block 21, Federal "B" Area, Karachi.
3.	Plant Location	Plant-1: L/A2/B, Block 21, Federal "B" Area, Karachi. Plant-2: L-8, Block 21, Federal "B" Area, Karachi. Plant-3: L-3, Block 21, Federal "B" Area, Karachi. Plant-4: Plot # A/8-C, S.I.T.E., Karachi.
4.	Type of Facility	Thermal Generation(Gas Turbine)

### Plant Configuration

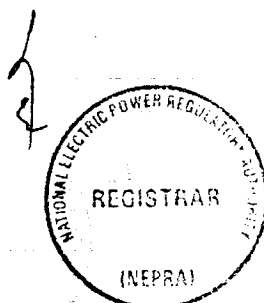
5.a	Plant size	Plant 1 7.72 MW	Plant 2 0.965MW	Plant 3 1.93 MW	Plant 4 1.93 MW
5.b	Type of Technology	Spark Ignited Turbo Charged After Cooled	Spark Ignited Turbo Charged After Cooled	Spark Ignited Turbo Charged After cooled	Spark Ignited Turbo Charged After coole
5.c	Number of Units	Eight	One	Two	Two
5.d	Unit Size	0.965 MW	0.965 MW	0.965 MW	0.965 MW
5.e	Unit Make and Model	<b>Caterpillar G 3516 LE</b>	<b>Caterpillar G 3516 LE</b>	<b>Caterpillar G 3516 LE</b>	<b>Caterpillar G 3516 LE</b>
5.f	Date of Commissioning	Units 1-8 11-10-94	4-7-95	Unit 1: 26-10-95  Unit 2: 21-7-98	Units 1-2 23-4-95

### Fuel Use

6.a.	Fuel Type	Natural Gas	Natural Gas	Natural Gas	Natural Gas
6.b	Fuel (imported/ indigenous)	Indigenous	Indigenous	Indigenous	Indigenous
6.c	Fuel Supplier	SSGC	SSGC	SSGC	SSGC
6.d	Supply Agreement	Yes	Yes	Yes	Yes



6.e	No. of Tanks	NA	NA	NA	NA
6.f	Storage Capacity/Tank	Plant 1 NA	Plant 2 NA	Plant 3 NA	Plant 4 NA
6.g	Gross Storage	NA	NA	NA	NA
6.h	Total Storage Capacity	NA	NA	NA	NA
<b>Emission Values(Load 100%)</b>					
7.a.	NOx(g/bhp-hr)	Plant 1 0.8	Plant 2 0.8	Plant 3 0.8	Plant 4 0.8
7.b	CO(g/bhp-hr)	1.6	1.6	1.6	1.6
7.c	HC(Non Methane), g/bhp-hr	0.5	0.5	0.5	0.5
8	Cooling Water Source	Municipal Supply/ Tube wells	Municipal Supply/ Tube wells	Municipal Supply/ Tube wells	Municipal Supply Tube wells
9	Installed Capacity	7.72 MW	0.965 MW	1.93 MW	1.93 MW
10	Derated Capacity	NIL	NIL	NIL	NIL
11	Expected Remaining Life of the Facility	14 Years	14 Years	14 Years	14 Years
12	Operational Record	Provided	Provided	Provided	Provided
<b>13. Project Cost (Rupees)</b>		<b>Million</b>			
13.a	Equity	356.740			
13.b	Debt	0.150			
13.c	Total Project Cost (Million)	356.890			
<b>14. Plant Characteristics</b>					
14.a	Generation Voltage	400V	400V	400V	400V
14.b	Frequency	50Hz	50Hz	50Hz	50Hz
14.c	Power Factor	0.95 lagging	0.95 lagging	0.95 lagging	0.95 lagging
14.d	Automatic Generation Control	Yes	Yes	Yes	Yes
14.e	Alternative Fuel	None	None	None	None
14.f	Auxiliary Consumption	0.52 MW	0.066 MW	0.131 MW	0.131 MW
14.g	Time Required to Synchronize to Grid	Not applicable since not connected to DISCO/ Grid.			



**Licenses-Performa for Information regarding Distribution issues**

**PART A**

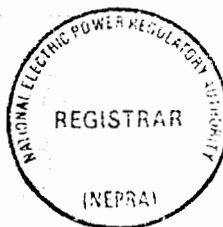
Network Facts		
A	No. of Feeders	Plant 1: Two 11Kv Feeders for Fazal Textile Mills Ltd. Plants 2,3,4: Power is directly supplied to consumers from LEPL main distribution panel at 415 volts
B	Length of Each Feeder	Plant 1: Feeder 1: 50 meters Feeder 2: 50 meters Plants 2,3,4: Power is directly supplied to consumers from LEPL main distribution panel at 415 volts
C	Length of Each Feeder to Consumer	Same as above
D	In respect of all the feeders, describe the property (streets, farms, agri land, etc.) through, under or over which they pass right up to the customer's premises, whether they cross-over or pass near the DISCO lines	(i) Within consumer's premises (ii) Feeders/ Power Cables do not cross over or pass near KESC Lines
E	Whether owned by LEPL, consumer or KESC (deal with each Feeder Separately) - If owned by KESC, please furnish particulars of contractual arrangement - Operation and maintenance responsibility for each Feeder	- Owned by LEPL consumers - N/A - Operation and maintenance responsibility on LEPL consumers
F	Whether connection with KESC's network exists (whether active or not) – If yes, provide details of connection arrangements (both technical and contractual)	(i) LEPL has no network connection with KESC. (ii) Only Fazal Textile Mills Ltd. is connected with KESC network
Any other network information deemed relevant for disclosure to or consideration by NEPRA		N/A



**Licenses-proforma for Information regarding Distribution issues**

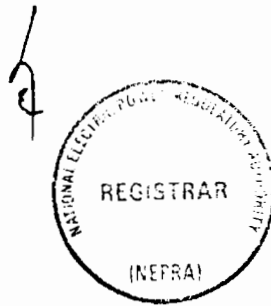
**PART B**

Consumers Facts					
A	No. of Consumers	Plant 1: One Consumer Plant 3: One Consumer		Plant 2: One Consumer Plant 4: One Consumer	
B	Location of consumers distance and/or identity of premises) Length of Each Feeder	1. Fazal Textile Mills Ltd. L/A 2/B, Block 21, Federal "B" Area, Karachi. Length of Feeder 1: 50 meters Length of Feeder 2: 50 meters 2. Lucky Textile Mills No. 01 L-8, Block 21, Federal "B" Area, Karachi. 3. Lucky Textile Mills No. 02 L-3, Block 21, Federal "B" Area, Karachi. 4. Lucky Textile Mills No. 03 Plot # A/8-C, S.I.T.E., Karachi.			
C	Contracted Capacity and Load Factor for consumer	Plant 1 5.5 MW 0.71	Plant 2 0.7 MW 0.72	Plant 3 1.3 MW 0.78	Plant 4 1.5 MW 0.78
D	Specify Whether i) the consumer is an associate undertaking of the LEPL, if yes, specify percentage ownership of equity; ii) There are common directorship; iii) Either can exercise influence or control over the other	The consumers are an associated undertaking of the LEPL with common directorship.			
E.	Specify nature of contractual relationship: i) Between consumers and LEPL ii) Consumers and KESC	(i)The consumers are an associated undertaking of the LEPL. (ii) Only Fazal Textile Mills Ltd. is on KESC billing panel.			
F	Capacity originally sanctioned by Provincial Government - If subsequently enhanced, evidence of permissions for enhancement	Plant 1 5.5 MW	Plant 2 0.7 MW	Plant 3 1.3 MW	Plant 4 1.5 MW
Any other network information deemed relevant for disclosure to or consideration by NEPRA		NA			



## **SCHEDULE –II**

- The net capacity of the licensee's generation facilities



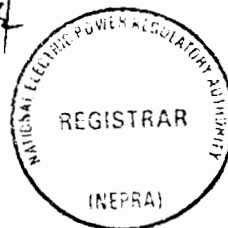
## SCHEDULE II

1.	GROSS INSTALLED CAPACITY (MW)	=	Plant -1	7.72 MW
			Plant -2	0.965 MW
			Plant-3	1.93MW
			Plant-4	1.93 MW
		=		12.545MW

(Total of Thirteen Units at Four Plants)

2.	DERATED CAPACITY (MW)	=	NIL	
3.	AUXILIARY CONSUMPTION (MW)	=	Plant-1	0.52MW
			Plant -2	0.066MW
			Plant-3	0.131MW
			Plant-4	0.131MW
		=		0.848 MW
4.	NET CAPACITY OF THE PLANT (MW)	=	Plant-1	7.2MW
			Plant -2	0.899MW
			Plant-3	1.799MW
			Plant-4	1.799MW

Total = 11.697MW





**Authorization by National Electric Power Regulatory Authority  
NEPRA  
TO**

**M/s Lucky Energy (Pvt.) Ltd.**  
Incorporated under the Companies Ordinance, 1984  
Under Certificate of incorporation No.K-04740 dated 24-7-1993  
**NEPRA Generation Licence No. SGC/030/2005**  
**For**  
**Sale to Bulk Power Consumers**

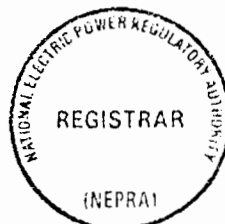
Pursuant to Section 22 of the Act and Rule 7 of the NEPRA Licensing (Generation) Rules-2000, the Authority hereby authorizes M/s Lucky Energy (Pvt.) Limited (Licensee) to engage in second-tier supply business, limited to the following consumers also mentioned in Schedule I of Generation Licence No. SGC/030/2005.

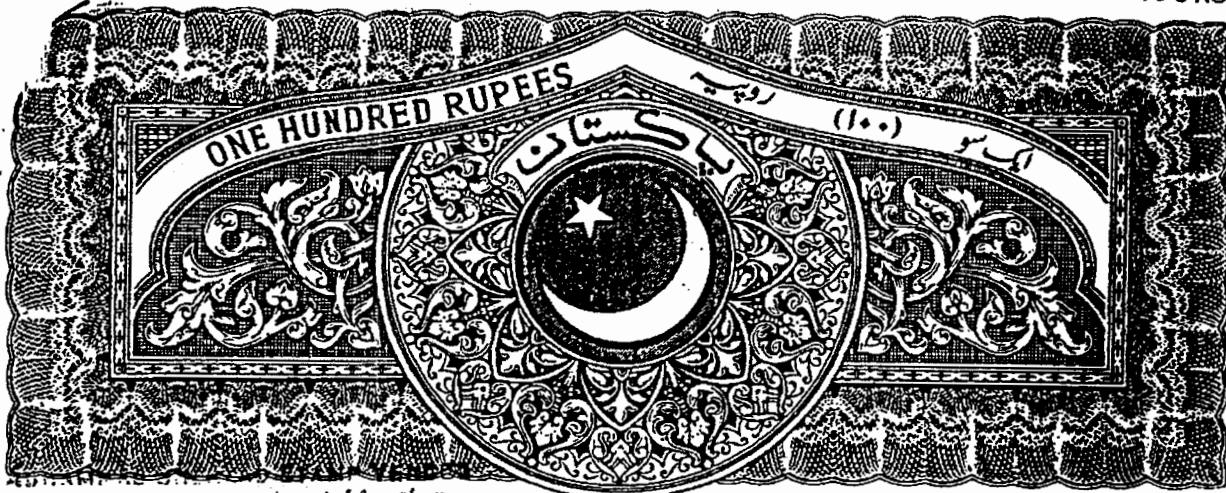
Subject to NEPRA rules and regulations, the Licensee shall charge its consumers only the second-tier supply charge in terms of the Authority approved bilateral agreements attached herewith.

1. **Fazal Textile Mills Ltd.**  
L/A 2/B, Block 21, Federal "B" Area,  
Karachi.
2. **Lucky Textile Mills No. 01**  
L-8, Block 21, Federal "B" Area,  
Karachi.
3. **Lucky Textile Mills No. 02**  
L-3, Block 21, Federal "B" Area,  
Karachi.
4. **Lucky Textile Mills No. 03**  
Plot # A/8-C, S.I.T.E.,  
Karachi.

1. Mr. Fazlullah Qureshi, Vice Chairman
2. Mr. Abdul Rahim Khan, Member
3. Mr. Nasiruddin Ahmed, Member



Box 143, 10011, Belmont Mansion,  
4th Floor, 10011, Belmont Mansion, Karachi.

[illegible]

No. 17616. ~~Amesbury Mass.~~

1-7-20

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2000-01-01

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TRAVELER SIGNATURE

# POWER PURCHASE AGREEMENT

This Agreement is made on this 1st day of January 1995 between Fazal Textile Mills Ltd., a public limited company incorporated under the Companies Ordinance, 1984 having its Registered Office at L-A 2/B, Block 21, Federal "R" Area Karachi (hereinafter referred to as the "FAZAL" which expression shall include its successors in interest and assignees) of the First Part.

AND

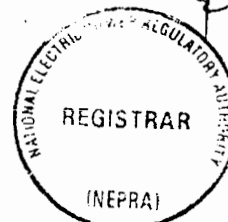
Lucky Energy Limited a public limited company incorporated under the Companies Ordinance 1984 having its registered office at L-8, Block 21, Federal "B" Area Karachi (hereinafter referred to as "LUCKY" which expression shall include its successors in interest and assignees) of the Second Part.

Whereas the Fazal in order to meet its Electrical Energy requirement decided to enter into an agreement with Lucky whereby the Fazal will purchase its power requirement from Lucky, which is around 5.50 MWH.

And, whereas the Lucky has enough resources to generate power by using the Natural Gas.

IT IS THEREFORE AGREED THAT :-

- a) The Fazal to purchase its power requirement around 5.50 MWH which is about 65 % of the total generation capacity of Lucky.
- b) The Lucky assures and undertakes that it will supply smooth, uninterrupted and continuous electrical energy of 5.50 MWH subject to regular supply of natural gas by Sui Southern Gas Company Limited normal breakdown and maintenance.



c) In consideration of various facilities provided by Fazal to Lucky, Lucky will supply power to Fazal at concessional rate and this rate would not increase the rate as charged by KESC for Industrial unit.

d) The bills for supply of power will be raised on monthly basis by the Lucky and the same shall be payable by Fazal on or before 25th day of the subsequent month.

This Agreement will continue to be operative until either party, after giving sufficient prior notice to the other decides to terminate the agreement; or after due notice suggest alteration or additions to the existing terms.

In witness whereby, this agreement is duly executed on the day and the date first mentioned above and will be effective from the date of supply of power by Lucky to Fazal i.e. 10th November 1994.

For Fazal Textile Mills Ltd.

Director

For : Fazal Textile Mills Ltd.  
(Director)

For LUCKY ENERGY LTD.

Director

For : Lucky Energy Ltd.  
(Director)

WITNESS :

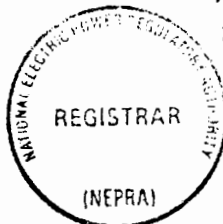
Nishu

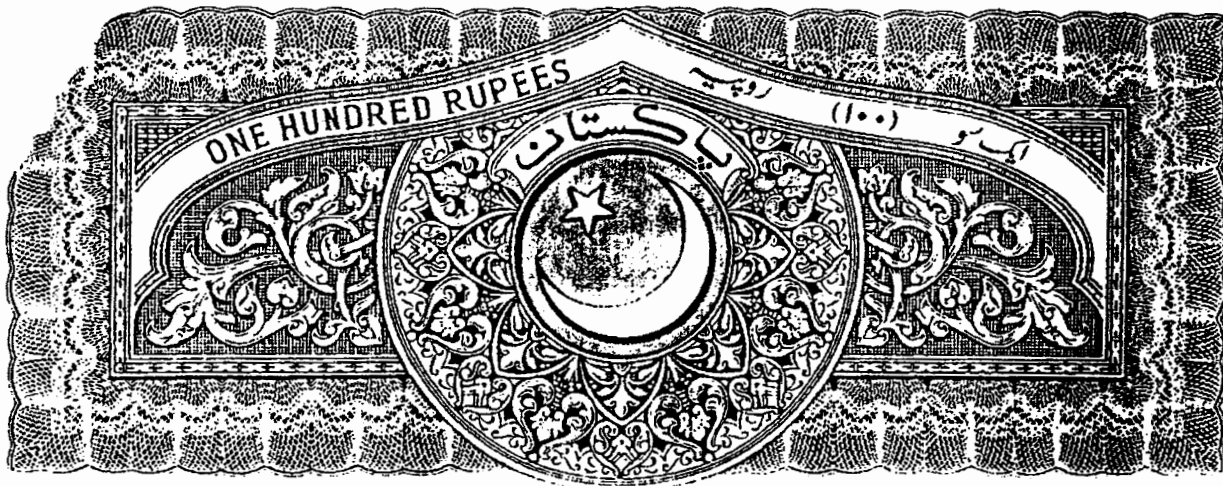
Rajendra

WITNESS :

Sub

Omivansh





UNIVERSITY OF KARACHI, KARACHI

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26 DEC 1987

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## POWER PURCHASE AGREEMENT

This agreement is made on 1<sup>st</sup> day of January 1985 between Lucky Energy Ltd a public Limited company incorporated under the Companies Ordinance 1981 having its registered office at L-8, Block 21, Federal B. Area Karachi (hereinafter referred to as the LUCKY ENERGY which expression shall include its successors in interest and assignees) of the First Part

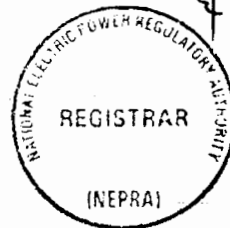
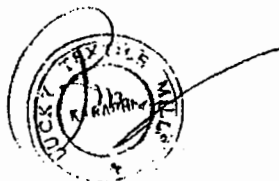
AND

Lucky Textile Mills 3 an unregistered firm having its office at 1-A Gorbahs Market M A Jinnah Road, Karachi (hereinafter referred to as LUCKY TEXTILE MILLS # 3 which expression shall include its successor in interest and assignees) of the Second Part

Whereas the Lucky Textile # 3 in order to meet its Electrical Energy requirement decided to enter into an agreement with Lucky Energy. Whereby Lucky Textile will purchase its power requirement for its unit number 3 which is around 1.5 Mega Watt Hours (MWH)

And whereas the Lucky Energy has 2 MW Capacity to generate power by using Natural Gas

Contd. page 2



**IT IS THEREFORE AGREED THAT:-**

- a) The Lucky Textile to purchase its power requirement of around 1.5 MWH which is about 77% of the total generation capacity of Lucky Energy at unit # 3
- b) The Lucky Energy assures and undertakes that it will supply smooth, uninterrupted and continuous electrical energy of 1.5 MWH subject to regular supply of natural gas by Sui Southern Gas Company Limited, normal breakdown and maintenance.
- c) In consideration of various facilities provided by Lucky Textile unit 3 to Lucky Energy, Lucky Energy will supply power to Lucky Textile at concessional rate and this rate would not be increase the rate as charged by KESC for industrial units
- d) The bill for supply of power will be raised on monthly basis by Lucky Energy and the same shall be payable by Lucky Textile on or before 25<sup>th</sup> of the subsequent month

This agreement will continue to be operative until either party, after giving sufficient prior notice to the other decides to terminate the agreement or after due notice suggest alteration or additions to the existing terms.

In witness whereby, this agreement is duly executed on the day and the date first mentioned above and will be effective from the date of supply of power by Lucky Energy Limited to Lucky Textile Mills No. 3

For Lucky Energy Ltd

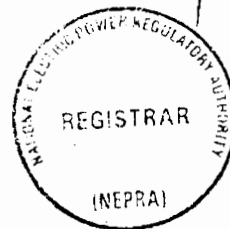
Chief Executive

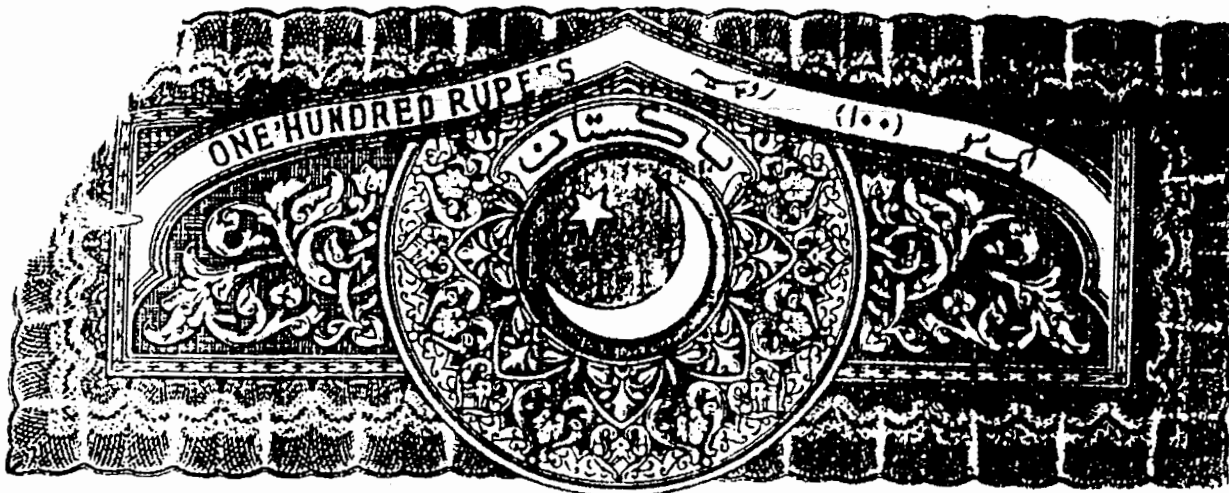
WITNESS

For Lucky Textile Mills

Chief Executive

WITNESS





GUARANTEED CHECK FOR STAMP VENDOR

100/- 100/- 100/- 100/-  
Karachi

17656 100/- 100/- 100/- 100/-  
36 DEC 1984

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### POWER PURCHASE AGREEMENT

This agreement is made on 1<sup>st</sup> day of January 1985 between Lucky Energy Limited a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at L-8, Block 21, Federal "B" Area, Karachi (hereinafter referred to as the **LUCKY ENERGY** which expression shall include its successors in interest and assignees) of the First Part

AND

Lucky Textile Mills an unregistered firm having its office at 1-A Gordhandas Market M.A. Jinnah Road, Karachi (hereinafter referred to as **LUCKY TEXTILE** which expression shall include its successors in interest and assignees) of the Second Part

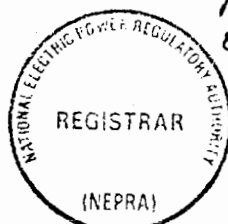
Whereas the Lucky Textile in order to meet its Electrical Energy requirements decided to enter into an agreement with Lucky Energy whereby Lucky Textile will purchase its power requirement for its Unit Number - 1 and for Unit Number - 2 which is around 2.00 Mega Watt Hours (MWH).

And, whereas the Lucky Energy has enough resources to generate power by using Natural Gas.

For **LUCKY ENERGY LTD,**

Chief Executive.

Contd... page 2



**IT IS THEREFORE AGREED THAT :-**

- a) The Lucky Textile to purchase its power requirement of around 2.00 MWH which is about 20% of the total generation capacity of Lucky Energy.
- b) The Lucky Energy assures and undertakes that it will supply smooth, uninterrupted and continuous electrical energy of 2.00 MWH subject to regular supply of natural gas by Sui Southern Gas Company Limited normal breakdown and maintenance.
- c) In consideration of various facilities provided by Lucky Textile to Lucky Energy, Lucky Energy will supply power to Lucky Textile at concessional rate and this rate would not increase the rate as charged by KESC for Industrial units
- d) The bills for supply of power will be raised on monthly basis by Lucky Energy and the same shall be payable by Lucky Textile on or before 25<sup>th</sup> of the subsequent month.

This agreement will continue to be operative until either party, after giving sufficient prior notice to the other decides to terminate the agreement or after due notice suggest alteration or additions to the existing terms.

In witness whereby, this agreement is duly executed on the day and the date first mentioned above and will be effective from the date of supply of power by Lucky Energy Limited to Lucky Textile Mills.

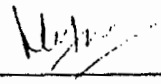
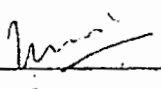
For LUCKY ENERGY LTD,

  
Chief Executive.

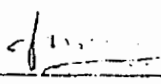

For : Lucky Energy Ltd.

  
For : Lucky Textile Mills.

WITNESS:

WITNESS:


  




Following documents have been received along with the 2 Nos Copies of Original Licence to M/s Lucky Energy Ltd.

- |    |   |        |
|----|---|--------|
| 1. | Determination (Original)                    | 2 Nos. |
| 2. | Term of the Licence (Original)              | 2 Nos. |
| 3. | Second-Tier Supply Authorization (Original) | 2 Nos. |

One set of Item No. 3 has been sent to M/s Lucky Energy Ltd. along with the Original Generation Licence. Both sets of Item No. 1 & 2 above have been retained and placed along with the Second Original Generation Licence of M/s Lucky Energy Ltd. that has been forwarded to Central Record Section of Registrar Office.

  
30.05  
(Muhammad Abdul Ghafoor)



**Determination in the matter of**  
**for the Grant of Generation Licence to**  
**Lucky Energy (Pvt.) Ltd (LEPL)**

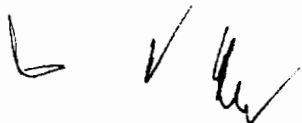
Lucky Energy (Pvt.) Ltd. (LEPL) was incorporated in 1993 as a private limited company for setting up Four (4) Nos. Power Stations located at Federal "B" Area & S.I.T.E., Karachi having a total installed capacity of 12.545 MW. LEPL made an application to National Electric Power Regulatory Authority (NEPRA) on 21 April 2001 for a generation licence which NEPRA admitted for consideration on 18 October 2004.

2. Following Regulation 8 of the NEPRA Licensing (Application and Modification Procedure) Regulations 1999, the Authority on 21 October 2004 advertised about the LEPL application for a generation licence and invited comments from the public. After considering those comments, the Authority held a conference on 29 November 2004 which was attended by the applicant and representatives of other organizations including KESC, S.I.T.E Association of Industry and Office of the Environmental Protection Agency, Government of Sindh.

3. The LEPL Generation facilities have been established at the 04 sites, three Power Stations namely P1 (7.72 MW; 8x0.965 MW), P2 (0.965MW; 1x0.965 MW) and P3 (1.93 MW; 2X0.965 MW) are located in the Federal 'B' Area, Karachi where as the fourth Power Station namely P4 (1.93 MW; 2x0.965 MW) is located in the S.I.T.E., Area, Karachi. All four Power Stations have gas engines and generate power at 400 V and supply to their consumers namely Fazal Textile Mills Ltd. (FTML), Lucky Textile Mills No. 01 (LTM1), Lucky Textile Mills No. 02 (LTM2) and Lucky Textile Mills No. 03 (LTM3) through feeders/underground cables. The feeders/cables run from the Power Plants to their consumers within the same premises. Only one LEPL's consumer namely FTML is also on KESC billing panel whereas the other 3 LEPL consumers have been disconnected from the KESC system since long.

**Environmental Issues**

4. The Environmental Protection Agency (EPA) Government of Sindh stated that the Industries were supposed to comply with the Environmental Protection Act, 1997,



National Environmental Quality Standards and the Environmental Impact Assessment Regulations. The EPA submitted that in order to ensure compliance of the Environmental Law, LEPL and its consumers should conduct Environmental Audit through a reputable Consultant. The LEPL stated that its plants are operating on Natural Gas which was considered to be a clean fuel. It does not have the concentration of Sulphur. The LEPL shall conform to the Performance and Environmental Standards as stipulated in the Generation Licence.

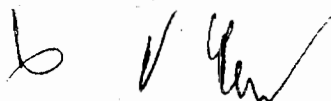
5. Ministry of Industries & Production supported the application of LEPL for the grant of Generation Licence subject to the fulfillment of environmental compliance. Mr. Arif Balwani, S.I.T.E Association of Industry also supported the grant of Generation Licence to LEPL.

6. Engr. Ansari Bashir Ahmed of Bakht Business House Karachi showed concern about the environment degradation of Karachi. He further commented that in comparison to other industries, Power Plants contribute more towards environment degradation. The LEPL stated that keeping in view the environmental pollution in Karachi, LEPL had purchased a natural gas operated power plant instead of a diesel fired one. The emission values of the Caterpillar engines were well within the limits of the international norms. LEPL had maintained 6 to 8% free oxygen in the engine smoke, which was a key to ensure NOx level remains within limits (less than 500mg/N cubic meter).

7. The Authority considers that the Environmental issues raised are important in the context of their impact on the surroundings and atmosphere. However, the applicant will be under obligation to conform to the environmental standards as are prescribed by the relevant competent Authority. The applicant appears to be fully aware of its obligation to protect the environment and will be monitored through the Federal and Provincial Environmental Protection Agencies.

#### **Consumers of LEPL**

8. KESC stated that presently one LEPL's consumer namely FTML is on their billing panel. According to KESC, FTML reduced its load from 1500 KW to 1000KW in



1993 however recent reading shows its demand at 1573 MW. KESC maintained that due to this unauthorized extension in load FTML have outstanding dues against it and requested NEPRA to assist in its clearance. KESC also claimed that as per the NEPRA Act, 1997, FTML shall have to give 3 years notice before switching over to other Generation. KESC further stated that LEPL's other 3 consumers namely LTM1, LTM2 and LTM3 were disconnected and are on Self Generation since long.

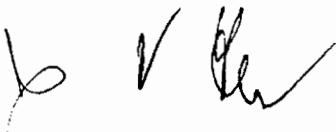
9. It was observed by the Authority that FTML continues to be a consumer of KESC; hence the 3 years notice as stipulated in the NEPRA Act, 1997 would not be applicable in the instant case. The Authority also observes that as FTML is still a KESC consumer so extension in load as claimed by KESC should be a matter to be settled between KESC and consumer.

10. LEPL stated that its consumers namely LTM1, LTM2 and LTM3 as backup would manage Rental Generators in case of total power house supply failure. LEPL further stated that according to the agreement between LEPL and its consumers, LEPL had assured and undertook that it would supply smooth, uninterrupted and continuous power to its consumers.

11. Reliability of electric power is of prime concern to NEPRA. The Authority considers that such backup arrangement is not in consonance with the standard practice. It is not sufficient to merely say that LEPL in its agreement assured a reliable supply; hence the Authority directs LEPL to submit a concrete backup power supply arrangement plan, which should also include relevant certification of its consumers.

**Whether LEPL be treated like SPPs, most of which have already been granted licences by the Authority?**

12. SPPs or Small Power Producers is a term specifically used for those generation facilities below 100 MW which have been in operation at the time of notification of NEPRA Generation Rules i.e. 20 April 2000 and which do not have PPA or IA under 1994 power policy. NEPRA while granting distribution licence to KESC declared all consumers of SPPs with a connected load of not less than 200 kW as BPCs. Therefore, consumers of SPPs were given special status in comparison to BPCs defined in the Act. Since the Plants of LEPL were commissioned between 1994 and 1998, therefore LEPL falls under the categorization of an SPP. According to the Agreements between LEPL



and its consumers, LEPL shall supply 5.50 MW, 0.7 MW, 1.3 MW and 1.5 MW power to FTML, LTM1, LTM2, LTM3 respectively. All consumers of LEPL qualify as BPCs (as declared under the distribution licence to KESC); therefore LEPL may sell to FTML, LTM1, LTM2 and LTM3.

#### **WHETHER LEPL WOULD REQUIRE A DISTRIBUTION LICENCE?**

13. The Authority deems it appropriate to clarify here the significance of the arrangement contemplated in the instant matter. Hitherto, the Authority has granted licences to small producers 'SPPs' (upto 100 MW), generating electricity and in some cases delivering power to their distribution networks to dedicated consumers. Such licensees are presently supplying electricity to their consumers under second-tier supply authorizations and have also been asked to either surrender their distribution lines to the host distribution company or to obtain a distribution licence according to the requirements of Section 20 of the NEPRA Act. All the four consumers are located inside the boundary wall of LEPL Plants compound and the power to the consumers is being supplied through feeders/cables lying within the same premises. Hence, in the case of LEPL Plants, for supply of power no public property is involved. It is relevant to refer to Section 2(v) of the NEPRA Act, wherein the ownership, operation, management and control of distribution facilities located on private property and used solely to move or deliver electric power to the person owning, operating, managing and controlling those facilities or to tenants thereof has not been included in the definition of 'distribution'. Consistent with the decision of the Authority Regulatory Meeting No. 03-040 dated 25 March 2003, the Authority is of the opinion that based on the considerations that i) the consumers are located within same premises and no public property is involved, LEPL's supply of power does not constitute a distribution activity under the Act, and a distribution licence would not be required.

#### **TARIFF**

14. The Authority considers that the matter of rates, charges and terms and conditions of tariff between LEPL and its two consumers does not affect any other consumer or third

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party. Rather, if the isolated status is considered to constitute an absence of transmission and distribution system, then the generation and supply can be considered a competitive mode of generation as envisaged in the NERPA Act (Section 21 and 22).

15. Therefore for the purpose of tariff, the Authority has accepted and specified the rate as per the bilateral agreements, which SEL and its consumers have contracted and LEPL may charge such tariff subsequent to the grant of the generation license.

16. In accordance with Rule 6(1) b of the Generation rules the Authority approves the bilateral agreements between LEPL and its consumers and allows LEPL to sell electricity at the tariff mutually agreed between the parties as the specified tariff.

#### **Term of Licence**

17. The term of a Generation Licence under NEPRA Generation Rules is to be determined by the remaining useful life of the plant. Since gas engines based power plants generally have a useful life of around 25 years and LEPL engines were commissioned in 1994-98 hence LEPL is being granted a licence for remaining useful life which corresponds to a period of 18 years.

WITH THIS, the Authority hereby grants the Generation Licence to Lucky Energy (Pvt.) Ltd. in the terms and form as annexed to this determination. The grant of such a Licence would be subject to the provisions contained in the NEPRA Act and the relevant Rules framed there under.

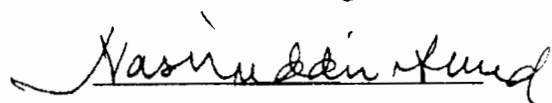
1. Mr. Fazlullah Qureshi, Vice Chairman



2. Mr. Abdul Rahim Khan, Member



3. Mr. Nasiruddin Ahmed, Member



**Term of the Licence  
(Article 5 of the Licence)**

**Lucky Energy (Pvt.) Ltd.**

The rule 5 of the Licensing (Generation) Rules - 2000 stipulates that the term of Licence shall be commensurate with the maximum expected useful life of the units comprised in a generation facility demonstrated to the satisfaction of the Authority unless the applicant consents to a shorter period.

M/s Lucky Energy (Pvt.) Ltd has shown in its application No. Nil dated 21st April 2001 to NEPRA for a Generation Licence, remaining life of its facility as 14 years.

The Licensing Group considers that the Gas Generators normally have useful life of around 25 years. Since the plants of Lucky Energy (Pvt.) Ltd. were commissioned between 1994 and 1998 therefore the Group recommends that the Licence be issued to Lucky Energy (Pvt.) Ltd., by the Authority for 18 years from the date of grant of Licence by the Authority.

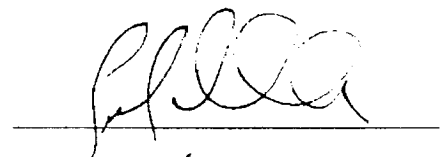
**AUTHORITY DECISION**

The Authority agrees with the Licensing Group recommendations about the term of Licence. The Licence is granted for a term of 18 years.

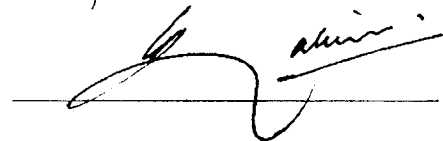
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**Authority**

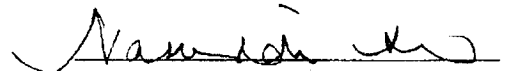
Mr. Fazlullah Qureshi, Vice Chairman



Mr. Abdul Rahim Khan, Member



Mr. Nasiruddin Ahmed, Member



**Determination in the matter of**  
**for the Grant of Generation Licence to**  
**Lucky Energy (Pvt.) Ltd (LEPL)**

Lucky Energy (Pvt.) Ltd. (LEPL) was incorporated in 1993 as a private limited company for setting up Four (4) Nos. Power Stations located at Federal "B" Area & S.I.T.E., Karachi having a total installed capacity of 12.545 MW. LEPL made an application to National Electric Power Regulatory Authority (NEPRA) on 21 April 2001 for a generation licence which NEPRA admitted for consideration on 18 October 2004.

2. Following Regulation 8 of the NEPRA Licensing (Application and Modification Procedure) Regulations 1999, the Authority on 21 October 2004 advertised about the LEPL application for a generation licence and invited comments from the public. After considering those comments, the Authority held a conference on 29 November 2004 which was attended by the applicant and representatives of other organizations including KESC, S.I.T.E Association of Industry and Office of the Environmental Protection Agency, Government of Sindh.

3. The LEPL Generation facilities have been established at the 04 sites, three Power Stations namely P1 (7.72 MW; 8x0.965 MW), P2 (0.965MW; 1x0.965 MW) and P3 (1.93 MW; 2X0.965 MW) are located in the Federal 'B' Area, Karachi where as the fourth Power Station namely P4 (1.93 MW; 2x0.965 MW) is located in the S.I.T.E., Area, Karachi. All four Power Stations have gas engines and generate power at 400 V and supply to their consumers namely Fazal Textile Mills Ltd. (FTML), Lucky Textile Mills No. 01 (LTM1), Lucky Textile Mills No. 02 (LTM2) and Lucky Textile Mills No. 03 (LTM3) through feeders/underground cables. The feeders/cables run from the Power Plants to their consumers within the same premises. Only one LEPL's consumer namely FTML is also on KESC billing panel whereas the other 3 LEPL consumers have been disconnected from the KESC system since long.

**Environmental Issues**

4. The Environmental Protection Agency (EPA) Government of Sindh stated that the Industries were supposed to comply with the Environmental Protection Act, 1997,

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National Environmental Quality Standards and the Environmental Impact Assessment Regulations. The EPA submitted that in order to ensure compliance of the Environmental Law, LEPL and its consumers should conduct Environmental Audit through a reputable Consultant. The LEPL stated that its plants are operating on Natural Gas which was considered to be a clean fuel. It does not have the concentration of Sulphur. The LEPL shall conform to the Performance and Environmental Standards as stipulated in the Generation Licence.

5. Ministry of Industries & Production supported the application of LEPL for the grant of Generation Licence subject to the fulfillment of environmental compliance. Mr. Arif Balwani, S.I.T.E Association of Industry also supported the grant of Generation Licence to LEPL.

6. Engr. Ansari Bashir Ahmed of Bakht Business House Karachi showed concern about the environment degradation of Karachi. He further commented that in comparison to other industries, Power Plants contribute more towards environment degradation. The LEPL stated that keeping in view the environmental pollution in Karachi, LEPL had purchased a natural gas operated power plant instead of a diesel fired one. The emission values of the Caterpillar engines were well within the limits of the international norms. LEPL had maintained 6 to 8% free oxygen in the engine smoke, which was a key to ensure NOx level remains within limits (less than 500mg/N cubic meter).

7. The Authority considers that the Environmental issues raised are important in the context of their impact on the surroundings and atmosphere. However, the applicant will be under obligation to conform to the environmental standards as are prescribed by the relevant competent Authority. The applicant appears to be fully aware of its obligation to protect the environment and will be monitored through the Federal and Provincial Environmental Protection Agencies.

#### **Consumers of LEPL**

8. KESC stated that presently one LEPL's consumer namely FTML is on their billing panel. According to KESC, FTML reduced its load from 1500 KW to 1000KW in

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1993 however recent reading shows its demand at 1573 MW. KESC maintained that due to this unauthorized extension in load FTML have outstanding dues against it and requested NEPRA to assist in its clearance. KESC also claimed that as per the NEPRA Act, 1997, FTML shall have to give 3 years notice before switching over to other Generation. KESC further stated that LEPL's other 3 consumers namely LTM1, LTM2 and LTM3 were disconnected and are on Self Generation since long.

9. It was observed by the Authority that FTML continues to be a consumer of KESC; hence the 3 years notice as stipulated in the NEPRA Act, 1997 would not be applicable in the instant case. The Authority also observes that as FTML is still a KESC consumer so extension in load as claimed by KESC should be a matter to be settled between KESC and consumer.

10. LEPL stated that its consumers namely LTM1, LTM2 and LTM3 as backup would manage Rental Generators in case of total power house supply failure. LEPL further stated that according to the agreement between LEPL and its consumers, LEPL had assured and undertook that it would supply smooth, uninterrupted and continuous power to its consumers.

11. Reliability of electric power is of prime concern to NEPRA. The Authority considers that such backup arrangement is not in consonance with the standard practice. It is not sufficient to merely say that LEPL in its agreement assured a reliable supply; hence the Authority directs LEPL to submit a concrete backup power supply arrangement plan, which should also include relevant certification of its consumers.

**Whether LEPL be treated like SPPs, most of which have already been granted licences by the Authority?**

12. SPPs or Small Power Producers is a term specifically used for those generation facilities below 100 MW which have been in operation at the time of notification of NEPRA Generation Rules i.e. 20 April 2000 and which do not have PPA or IA under 1994 power policy. NEPRA while granting distribution licence to KESC declared all consumers of SPPs with a connected load of not less than 200 kW as BPCs. Therefore, consumers of SPPs were given special status in comparison to BPCs defined in the Act. Since the Plants of LEPL were commissioned between 1994 and 1998, therefore LEPL falls under the categorization of an SPP. According to the Agreements between LEPL

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and its consumers, LEPL shall supply 5.50 MW, 0.7 MW, 1.3 MW and 1.5 MW power to FTML, LTM1, LTM2, LTM3 respectively. All consumers of LEPL qualify as BPCs (as declared under the distribution licence to KESC); therefore LEPL may sell to FTML, LTM1, LTM2 and LTM3.

#### **WHETHER LEPL WOULD REQUIRE A DISTRIBUTION LICENCE?**

13. The Authority deems it appropriate to clarify here the significance of the arrangement contemplated in the instant matter. Hitherto, the Authority has granted licences to small producers 'SPPs' (upto 100 MW), generating electricity and in some cases delivering power to their distribution networks to dedicated consumers. Such licensees are presently supplying electricity to their consumers under second-tier supply authorizations and have also been asked to either surrender their distribution lines to the host distribution company or to obtain a distribution licence according to the requirements of Section 20 of the NEPRA Act. All the four consumers are located inside the boundary wall of LEPL Plants compound and the power to the consumers is being supplied through feeders/cables lying within the same premises. Hence, in the case of LEPL Plants, for supply of power no public property is involved. It is relevant to refer to Section 2(v) of the NEPRA Act, wherein the ownership, operation, management and control of distribution facilities located on private property and used solely to move or deliver electric power to the person owning, operating, managing and controlling those facilities or to tenants thereof has not been included in the definition of 'distribution'. Consistent with the decision of the Authority Regulatory Meeting No. 03-040 dated 25 March 2003, the Authority is of the opinion that based on the considerations that i) the consumers are located within same premises and no public property is involved, LEPL's supply of power does not constitute a distribution activity under the Act, and a distribution licence would not be required.

#### **TARIFF**

14. The Authority considers that the matter of rates, charges and terms and conditions of tariff between LEPL and its two consumers does not affect any other consumer or third

party. Rather, if the isolated status is considered to constitute an absence of transmission and distribution system, then the generation and supply can be considered a competitive mode of generation as envisaged in the NEPRA Act (Section 21 and 22).

15. Therefore for the purpose of tariff, the Authority has accepted and specified the rate as per the bilateral agreements, which SEL and its consumers have contracted and LEPL may charge such tariff subsequent to the grant of the generation license.

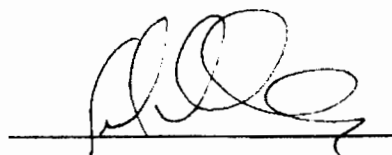
16. In accordance with Rule 6(1) b of the Generation rules the Authority approves the bilateral agreements between LEPL and its consumers and allows LEPL to sell electricity at the tariff mutually agreed between the parties as the specified tariff.

#### **Term of Licence**

17. The term of a Generation Licence under NEPRA Generation Rules is to be determined by the remaining useful life of the plant. Since gas engines based power plants generally have a useful life of around 25 years and LEPL engines were commissioned in 1994-98 hence LEPL is being granted a licence for remaining useful life which corresponds to a period of 18 years.

WITH THIS, the Authority hereby grants the Generation Licence to Lucky Energy (Pvt.) Ltd. in the terms and form as annexed to this determination. The grant of such a Licence would be subject to the provisions contained in the NEPRA Act and the relevant Rules framed there under.

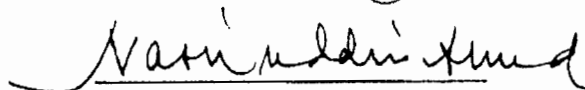
1. Mr. Fazlullah Qureshi, Vice Chairman



2. Mr. Abdul Rahim Khan, Member



3. Mr. Nasiruddin Ahmed, Member



**Term of the Licence  
(Article 5 of the Licence)**

**Lucky Energy (Pvt.) Ltd.**

The rule 5 of the Licensing (Generation) Rules - 2000 stipulates that the term of Licence shall be commensurate with the maximum expected useful life of the units comprised in a generation facility demonstrated to the satisfaction of the Authority unless the applicant consents to a shorter period.

M/s Lucky Energy (Pvt.) Ltd has shown in its application No. Nil dated 21st April 2001 to NEPRA for a Generation Licence, remaining life of its facility as 14 years.

The Licensing Group considers that the Gas Generators normally have useful life of around 25 years. Since the plants of Lucky Energy (Pvt.) Ltd. were commissioned between 1994 and 1998 therefore the Group recommends that the Licence be issued to Lucky Energy (Pvt.) Ltd., by the Authority for 18 years from the date of grant of Licence by the Authority.

**AUTHORITY DECISION**

The Authority agrees with the Licensing Group recommendations about the term of Licence. The Licence is granted for a term of 18 years.

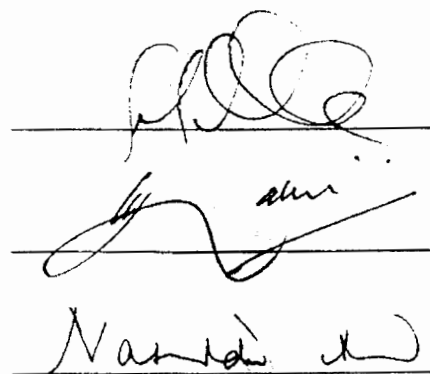
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**Authority**

Mr. Fazlullah Qureshi, Vice Chairman

Mr. Abdul Rahim Khan, Member

Mr. Nasiruddin Ahmed, Member



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# NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

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## MINUTES OF THE AUTHORITY REGULATORY MEETING 05-060 HELD ON 19 APRIL 2005

SUBJECT: GRANT OF GENERATION LICENCE TO LUCKY ENERGY (PVT) LIMITED

A meeting of the Authority was held on 19 April 2005 to discuss the grant of Generation Licence to Lucky Energy (Pvt) Limited. The following attended the meeting:

(1)	Mr. Fazlullah Qureshi	Vice Chairman
(2)	Mr. Nasiruddin Ahmed	Member (Licensing)
(3)	Mr. Abdul Rahim Khan	Member (Privatization)
(4)	Mr. Abdul Rashid Kakar	Senior Adviser (Licensing)
(5)	Mr. Mahjoob Ahmad Mirza	Registrar
(6)	Mr. Amer Zia	Director (Coordination)
(7)	Ms. Aameena Sohail	Legal Advisor
(8)	Mr. Ahsan Maqbool	Deputy Director (Licensing)
(9)	Syed Safeer Hussain	Assistant Director (Licensing)

2. The Licensing Division's Report on the subject and the proposed draft Generation Licence to Lucky Energy (Pvt) Limited, were presented before the Authority. The Authority discussed the case in detail particularly the location of the consumers with respect to the power stations, consumers' status with respect to supply from KESC, sufficiency of generation available to feed the consumers and the back-up supply arrangements of the consumers. After thorough discussion the Authority agreed to grant generation licence to Lucky Energy (Pvt) Limited. The bilateral agreement between the generating company and its consumers (1) Fazal Textile Mills Limited (2) Lucky Textile Mills No.1 (3) Lucky Textile Mills No. 2 (4) Lucky Textile Mills No.3 was also presented.



19 APRIL 2005

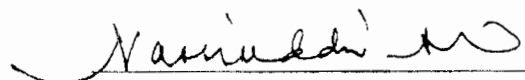
DECISION OF THE AUTHORITY IN THE MATTER OF  
GRANT OF GENERATION LICENCE TO  
LUCKY ENERGY (PVT) LIMITED (LEPL)

(REGULATORY MEETING 05-060 HELD ON 19 APRIL 2005)

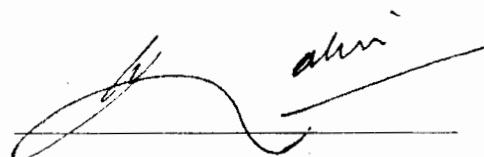
The Authority considered the record of proceedings in the case, the evidence proffered and the arguments made orally and in writing. The draft Generation Licence, Second Tier Supply Authorization and term of the licence as proposed by the Licensing Division, ~~and~~ the matter of the bilateral agreement between the Applicant and the bulk power consumers to which the applicant desires to sell under Second Tier Supply Authorization were also considered. The Authority decided:

1. To grant Generation Licence to the Applicant, Lucky Energy (Pvt) Limited (LEPL).
2. To approve the term of Licence to be 18 years from the date of grant of the Generation Licence.
3. To approve as the specified tariff, the supply charges agreed between LEPL and its consumers (1) Fazal Textile Mills Limited (2) Lucky Textile Mills No.1 (3) Lucky Textile Mills No. 2 (4) Lucky Textile Mills No.3 as per the agreement made between the parties and directs that it should be annexed to the Second Tier Supply Authorization.

1. Mr. Nasiruddin Ahmed, Member



2. Mr. Abdul Rahim Khan, Member



3. Mr. Fazlullah Qureshi, Vice Chairman





# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

Registrar

NEPRA Tower, Atatürk Avenue(East), G-5/1, Islamabad  
Ph: +92-51-9206500, Fax: +92-51-2600026  
Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/R/DL/LAG-65/497-500

January 15, 2015

Mr. Taufique Yusuf  
Company Secretary  
Lucky Energy (Pvt.) Limited  
L-A, 2/B, Block No. 21, Federal "B" Area,  
Rashid Minhas Road,  
Karachi

Subject: **Modification-III in Generation Licence No. SGC/30/2005, dated 19.04.2005 – Lucky Energy (Private) Limited (LEPL)**

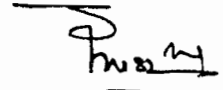
Reference: *Your letter No. nil, dated February 25, 2013.*

It is intimated that the Authority has approved "Licensee Proposed Modification" in Generation Licence No. SGC/30/2005 (issued on April 19, 2005) in respect of LEPL pursuant to Regulation 10(11) of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999.

2. Enclosed please find herewith determination of Authority in the matter of Licensee Proposed Modification in the Generation Licence of LEPL along with Modification-III in the Generation Licence No. SGC/30/2005, as approved by the Authority.

Encl:/As above



  
15.01.15  
(Syed Safeer Hussain)

Copy to:

1. Chief Executive Officer, NTDC, 414-WAPDA House, Lahore
2. Chief Executive Officer, K-Electric Limited (KEL), KE House No 39-B, Sunset Boulevard Phase-II, Defence Housing Authority, Karachi
3. Director General, Sindh Environmental Protection Agency, Plot No. ST 2/1, Sector 23, Korangi Industrial Area, Karachi

**National Electric Power Regulatory Authority**  
**(NEPRA)**

**Determination of the Authority**  
**in the Matter of Licensee Proposed Modification (LPM) of**  
**Lucky Energy (Private) Limited**  
**(LEPL)**

**January 06, 2015**  
**Case No. LAG-65**

**(A). Background**

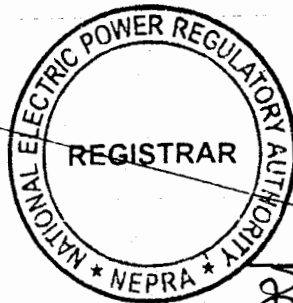
(i). The Authority had granted a Generation Licence (No. SGC/030/2005, dated April 19, 2005 and subsequent modifications) to Lucky Energy (Private) Limited (LEPL) for its four (04) distinctly located Natural Gas(NG) based Generation Facilities, located at Federal B Area and SITE Karachi, in the Province of Sindh.

(ii). The Authority had also granted a Second Tier Supply Authorization (STSA) for supplying to four (04) Bulk Power Consumers-BPCs including (a) Fazal Textile Mills Limited (FTML); (b). Lucky Textile Mills Limited Unit-1 (LTML-1); (c). Lucky Textile Mills Limited Unit-2 (LTML-2) and (d). Lucky Textile Mills Limited Unit-3 (LTML-3) from the four distinct Generation Facilities/Power Plants.

**(B). Communication of LPM**

(i). LEPL communicated an LPM on February 28, 2013 for enhancement in its generation capacity from 22.16 MW to 46.57 MW in accordance with Regulation-10 of the NEPRA Licensing (Application & Modification Procedure) Regulations, 1999 ("the Regulations").

(ii). LEPL in the "Text of the proposed Modification" & "Statement of Reasons in Support of the Modification" submitted that the following amendment/re-structuring is being carried out in the Generation facilities of LEPL which will result in an increase of 24.41 MW, thus needing modification in the Generation Licence of LEPL.





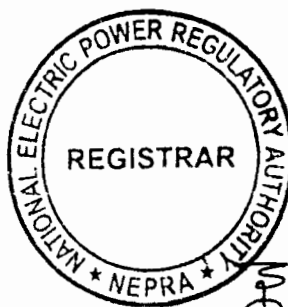
Plant	Capacity and Consumers
Plant-I	By addition of one (01) Gas Engines (i.e. MWM CG260-12, 3.3 MW) the generation capacity of Plant-I will increase from 16.35 MW to 19.65 MW.
Plant-II	To make the plant fuel efficient one (01) Gas Engines (i.e. MWM CG170-16 1.51MW) being added at Plant-II. This will enhance the generation capacity of Plant-II from 0.965 MW to 2.475MW.
Plant-III	For supplying to the proposed expansion the generation capacity of Plant-III is being increased from 1.930 MW to 21.53 MW, by addition of four (04) Gas Engines (i.e. MWM CG260-12, 3.3 MW each) and four (04) Gas Engines (i.e. Caterpillar D3516B, 1.60 MW each),
Plant-IV	No Change

(iii). Regarding the "Statement of the Impact on the Tariff, Quality of Service (QoS) and the performance by the Licensee of its obligations under the Licence", LEPL submitted that the proposed amendment does not impact the tariff and QoS in any manner. Further, the proposed modification would facilitate the company in fulfilling its obligation under the Licence.

**(C). Processing of LPM**

(i). After completion of all the required information as stipulated under the Regulation 10 (2) and 10 (3) of the Regulations by LEPL, the Registrar accepted the LPM as required under the Regulation 10 (4) of the Regulations.

(ii). A notice about the communicated LPM was published in the Newspapers of June 05, 2013 seeking comments from the general public and other stakeholders in favor or against the proposed LPM.



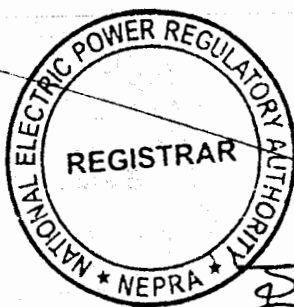
(iii). Apart from the notice in the press, separate notices were also sent to individual subject experts, Government Ministries/Department and representative organizations etc. inviting their views and comments.

**(D). Comments of Stakeholders**

(i). In response to the above, the Authority received comments from three (03) different stakeholders. These included Central Power Purchasing Agency (CPPA) of National Transmission and Despatch Company Limited (NTDC), Ministry of Petroleum and Natural Resources (MoP&NR) and Karachi Electric Supply Company Limited-KESC (Now K-Electric Limited-KEL).

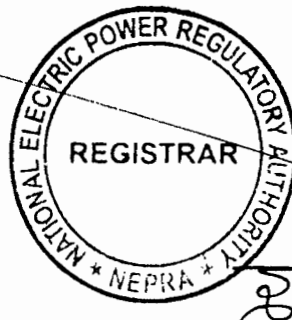
(ii). The salient points of the comments offered by the above mentioned stakeholder are summarized in the following paragraph:-

- (a). CPPA remarked that generation facility of LEPL and its consumers are located under the jurisdiction of KEL. It is however, pertinent to mention here that supply of power to industrial units by LEPL would provide a level of comfort to KEL system. Therefore, CPPA supports the LPM, under NEPRA Rules, particularly on account of increase in generation capacity of LEPL, which would ultimately reduce burden upon network of KEL;
- (b). MoP&NR in its comments stated that LEPL is existing Captive Power Generation customer of Sui Southern Gas Company Limited (SSGC) and is getting gas as per the Gas Supply Agreement (GSA). SSGC is of the view that LEPL has not sought approval of the additional Gas load for the new units and hence operation of additional units under the LPM would tantamount to violation of GSA. Further, the supply of Gas is subject to availability. MoP&NR has also mentioned that huge outstanding amount of Gas bill is being piled up against LEPL since 2008 due

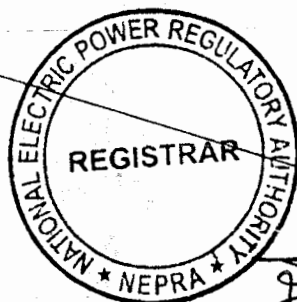


to tariff differential between IPPs and Captive Power Plants (CPPs);

- (c). KEL in its comments submitted that Section(s) 21 and 22 of the NEPRA Act does not allow permission to a generation licensee, or any modification in the Licence to sell electric power in the exclusive service territory of the KEL after 15 years of the commencement of the NEPRA Act in relation to bulk supply arrangements. NEPRA cannot allow the LEPL to sell electric power to BPC in the exclusive territory of KEL after 15 years had expired since the commencement of the NEPRA Act and the KEL's exclusive Distribution Licence is currently valid up until the year 2023 and hold the field. Here it is relevant to point out that on the basis of the lapse of power under Section-22(a) of the NEPRA Act through the efflux of 15 years from the date of its enactment, KEL has in the recent past obtained an interim order dated December 24, 2013 in Suit No. 1638 of 2013 against infringement by another generation company known as Lotte PowerGen (Pvt.) Limited (LPGPL) through obtaining of a fresh Generation Licence as well as second tier distribution rights through NEPRA. This case is still pending and NEPRA is a co-defendant in the said case. Therefore, the Generation Licence of LEPL is in clear violation of the above mentioned provisions of the NEPRA Act and is therefore illegal, ultra vires and is beyond NEPRA jurisdiction and by extension any variation of the said Generation Licence to include more BPC will also be in violation of NEPRA's own statute as well as its rules and procedure as being not in accordance with law. Further, the licensed territory requires KEL to service a broad range of consumers and KEL aims to rationalize and maximize its revenue basis through increased sales and reduction of losses. It is therefore critical for KEL to ensure that it has access to entire service territory as defined for the purpose. This is supported by the Section-21 of NEPRA Act which allows the licensee the exclusive rights to provide, for such



period as may be specified in the Licence, distribution services and to make sales of electric power to consumers in the territory specified in the Licence and to frame schemes in respect of that territory. Moreover, when KEL receives higher gas, it is able to provide a monthly reduction in tariff through Fuel Surcharge Adjustment directly to the end consumer thus supply of NG is crucial for providing a cheaper tariff to the general public. Since there is a shortage of NG in the country, the Federation of Pakistan has managed the allocation of gas to various sectors through its NG Allocation and Management Policy of 2012. In this policy the Power Sector (which stands at Serial No.2 on the priority list) is to be given priority over CPPs (which stand at Serial No.3). It may also be relevant to mention that the Honorable High Court of Sindh at Karachi in Suit No. 91/2013 has passed an ad-interim order dated January 30, 2013 whereby the SSGC has been restrained from giving priority to CPPs over the KEL. Furthermore, it is relevant to mention that the Honorable Supreme Court of Pakistan in its HRC Case No. 14392 of 2013 (unprecedented load shedding across the country) in which NEPRA, Federation of Pakistan, SSGC and KEL were all co-respondents, observed at Para (v) on page 36 that, " ... as far as CPPs are concerned, the policy must be revised and without any justification they cannot be allowed supply of gas to produce electricity because they supply electricity at much higher than that of the NEPRA rate instead of subsidized rate to NTDC". Therefore, the supply of gas to CPPs should be revised to a lower priority and not at a subsidized rate. This important factor needs to be considered while deciding the LPM of LEPL. It is concluded that the Generation Licence of LEPL and any capacity addition/modification in Generation Licence are unlawful and illegal after the passage of fifteen years from the commencement of the NEPRA Act. However, despite our averments, if NEPRA decides to proceed further with the LPM under reply, then KEL



would like to avail the opportunity of personal hearing in the matter.

(iii). The above comments of the stakeholders were examined. Comments of CPPA were found to be supportive while MoP&NR and KEL have raised certain issues pertaining to the LPM. Therefore, it was considered appropriate to seek rejoinder of LEPL on the observations of MoP&NR and KEL.

(iv). LEPL in its rejoinder submitted that it has applied for LPM in pursuance to the NEPRA Act and the Regulations. The Company has all requisite approvals of gas allocation and is utilizing the gas connections for its generation plants and the additional generation will not require any "additional gas load". Regarding the objection of MoP&NR it is submitted that the dispute falls outside the purview of NEPRA (jurisdiction) and is to be settled in accordance with respective contractual and regulatory regime. Further, the matter in relation to outstanding amount for gas bills is sub-judice and a restraining order of Sindh High Court is in the field. By way of clarification it is submitted that to secure its payment obligations towards SSGC, the LEPL has posted an unconditional Bank Guarantee issued by Habib Metropolitan Bank Limited dated March 21, 2013 and valid for a period of one year and thereafter continue to remain in force until determined by three (3) months notice in writing. The amount of Bank Guarantee far exceeds the liability which LEPL owes to SSGC. Given the aforesaid situation SSGC has recourse available provided they succeed in the matter currently pending in the High Court of Sindh.

(v). On the observations of KEL, it was submitted that at the very outset the comments of KEL are time barred and does not deserve to be entertained by the Authority. The Letter and its contentions merits rejection as it raises frivolous, flimsy and unsustainable grounds which are deliberately erroneous and misleading. Further, it is neither required under the NEPRA laws nor has it been practiced by the Authority to seek KEL's comments in respect of determining the LPM. Therefore, on this ground alone the Letter of KEL merits rejection. It is respectfully submitted that the KEL has failed to appreciate the fact that the Generation Licence issued to LEPL has no nexus with the alleged exclusivity claimed under its Distribution Licence. Distribution activity is altogether different

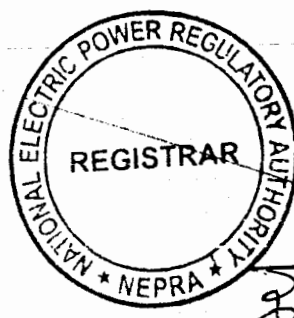


than generation business. As a Licensee, LEPL is authorized to undertake generation activity pursuant to the Section-15 of the NEPRA Act. The LPM filed by LEPL does not in any manner breach KEL Distribution Licence. The contention of KEL therefore, does not merit any consideration. Section-22 of the NEPRA Act is not applicable in this matter as LEPL is an established generation facility and the BPCs of LEPL are not the consumers of KEL. Further, all references to the decisions of the courts in the Letter of KEL are irrelevant, distinguishable and not attracted in the case of LEPL which was established in 2005. The decisions of the apex courts cited in the Letter do not apply to LEPL nor have these decisions been given retrospective effect which will adversely affect the allocation of gas validly made by the relevant government institutions and ministries. Insofar as the KEL comments in relation the gas allocation of LEPL is concerned it is submitted that the LEPL has all requisite approvals of gas allocation for its generation plants. It was submitted that in order to further supplement, LEPL is submitting all the supportive documents with its rejoinder.

(vi). The Authority has considered the comments of the stakeholders and rejoinder filed by the applicant company in its Regulatory Meetings (RM-14-263 & RM-14-644) held on April 29, 2014 & October 14, 2014 respectively and found the same adequate. In view of the said, The Authority considered it appropriate to process the communicated LPM as stipulated in the Regulations and NEPRA Licensing (Generation) Rules, 2000 ("the Rules").

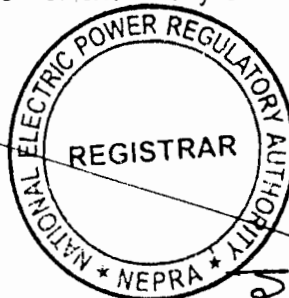
(E). Findings/approval of the LPM

(i). The Authority considers that in order to meet the growing demand of electricity in the country, it is imperative that efforts should be made to add more Generation Capacity on urgent basis not only by setting up new power plants but also by enhancing/augmenting the capacity of the existing power plants wherever possible.



(ii). The Authority has considered the comments/objections of the stakeholders as explained above. Furthermore, the Authority has also taken into consideration the response of LEPL. As regard to the objection of KEL regarding exclusivity granted to it under Section-21 of the NEPRA Act, the Authority is of the view that the terms "consumer" and "Bulk Power Consumer" are separately defined in Section-2 of the NEPRA Act for a logical purpose. Under Section-21 of the NEPRA Act, the exclusivity is restricted to make sale and distribution of electricity to the consumers and not the BPCs. Therefore in the proviso to Section-21 (2) of the NEPRA Act, generation companies have been allowed to sell electricity to BPCs within service territory of KEL subject to meeting requirements of Section-22 of the NEPRA Act. The Authority is of the opinion that under Section-21 of the NEPRA Act, exclusivity is given to KEL under the Distribution Licence as regard to "distribution service and to make sale to consumers", however in the proviso the scope of exclusivity is restricted for BPCs when option has been given to BPCs to acquire power from any other source (i.e. generation company) subject to meeting requirements given in Section-22 of the NEPRA Act.

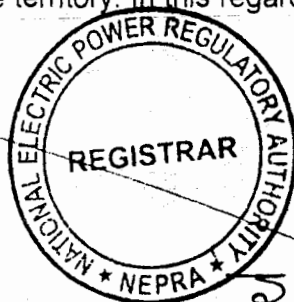
(iii). KEL has also objected that Section(s) 21 and 22 of the NEPRA Act does not allow permission to a generation licensee, or any modification in the Licence to sell electric power in the exclusive service territory of the KEL after 15 years of the commencement of the NEPRA Act in relation to bulk supply arrangements. The Authority observe that even if it is agreed that proviso of Section-21(2)(a) and Section-22 of the NEPRA Act are no more applicable, there is no still restriction upon the generation companies either under Section-21 or any other provision of the NEPRA Act to enter into generation business and sell electricity to BPCs. The Authority is of the view that such restriction was for 15 years from the commencement of the NEPRA Act, and after December 16, 2012 BPCs are free to get supply of electricity from any source (i.e. self generation or purchase of electricity) without even fulfilling conditions given in Section-22 of the NEPRA Act. The purpose of Section-21 (2) (a) including the proviso was not to make BPCs subject of exclusivity of distribution companies. Rather Section-21 and 22 regulated the supply to BPCs from a DISCO through stringent condition to safeguard interest of distribution licensee regarding its revenue requirements. It is submitted that in continuation of exclusivity of DISCO to make sale to consumers



"proviso" restricts BPC to disconnect without three years notice, payment of dues and payment of cross subsidy to DISCO. Accordingly "generation" has never been restricted through exclusivity of DISCO under Section-21 of the NEPRA Act. This is why in very next Section i. e. Section-21 (2) (b) it has been specifically stated that BPC who connect some other source, KEL is not responsible to supply to that BPC.

(iv). The Authority has noticed that in its comments KEL has given reference to an interim order of Honorable Sindh High Court dated December 24, 2014 in Suit No. 1638 of 2013 and insisted that in view of the said order NEPRA powers under Section-21 and 22 are restricted. The Authority observes that in the said case of LPGPL a detailed order has also been passed by the Honorable Sindh High Court through order dated June 17, 2014. It may also be relevant that LPGPL as well as NEPRA had filed appeals against order dated June 17, 2014 in which order of learned single judge was suspended and the appeals are still pending. The Authority is of the opinion that facts and circumstances of LPGPL case and the instant case of LEPL are entirely different. Specifically the issue of lapse of Section-22 after fifteen years of commencement is not relevant in case of Generation Licence of LEPL which was granted on April 27, 2005 by authorizing it to sell electricity to its BPCs. The Authority has also noticed that learned single Judge of Honorable Sindh High Court has specifically observed in order dated June 17, 2014 that said order shall not apply to Generation Licence granted prior to December 14, 2012 (i.e. fifteen years from the commencement of the NEPRA Act), however in case of modification after the December 14, 2012 the matter shall be dealt according to peculiar circumstances of the case. In view of the foregoing facts, the Authority observes that since instant case of LEPL involves addition of generation capacity and seeking amendment in the licence granted in the year 2005 without any changes in the STSA, therefore, the facts of the present case of LEPL are entirely different than that of LPGPL.

(v). The Authority has also noticed that KEL has specifically objected to the location of generation plants of LEPL and insisted that some of the generation plant and BPCs involve public property and thereby causing breach of exclusivity of KEL regarding its service territory. In this regard it has been observed that LEPL



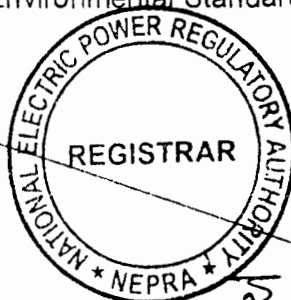


has contradicted such statement of KEL and submitted a map of location of generation units of and its BPCs. In view of the location of the plant and that of BPCs according to the map, it is clear that no public property is involved and therefore plea of KEL to this effect is rejected.

(vi). In this particular case, the Authority has observed that LEPL is planning to add New Gas Engines at its three distinctly located generation facilities (Plant-I, II & III). With the installation of the new Gas Engines, the total Installed Capacity of the different Generation Facilities of LEPL will be increased to 46.57 MW from the existing 22.16 MW. The Authority is of the view that considering the ongoing shortage of capacity in the country, the addition of new generation capacity by LEPL is very encouraging as it will ultimately lessen the burden of KEL, which is facing severe power shortage in its area of service. As regard to objections of MoP&NR, it is specifically directed that LEPL shall strictly comply with the terms and conditions of GSA with SSGC and if so require shall seek the permission to operate the plants on gas from SSGC.

(vii). The Authority has observed that the different Generation Facilities of LEPL are Gas Engines operating on open cycle, which is not an efficient use of scarce resource of NG. In order to utilize the available NG more efficiently, the Authority directs LEPL to utilize the exhaust gases by installing heat recovery system, either for generation of electricity or steam for processing.

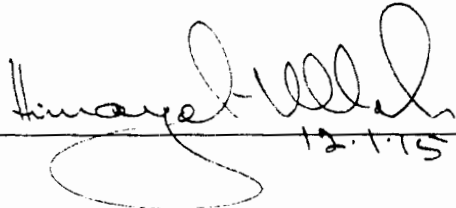
(viii). The Generation Facilities of LEPL, for which it has sought a modification in its Generation Licence, consists of Engines operating on NG which is a cleaner fuel and does not cause pollution. However, the operation of the Generation Facilities may cause some other type of pollution including Soil Pollution, Water Pollution and Noise Pollution. The Authority considered these aspects and has made LEPL obligatory to comply with the relevant rules and regulation on environment. The Authority instructs LEPL for submitting the required No Objection Certificate from the Environmental Protection Agency of Govt. of Sindh ("the EPA, Sindh"), in due course of time. Further, the Authority directs LEPL to submit a quarterly report confirming that the operation of its Generation Facilities is compliant with required Environmental Standards of the EPA, Sindh.




(ix). In view of the above, the Authority hereby approves the communicated LPM of LEPL in its existing Generation Licence without any changes. The Face Sheet indicating the changes in the Face Sheet, Modified/Revised Schedule-I & Modified/Revised Schedule-II of the Generation Licence are attached as Annexure to this determination. The grant of such an LPM would be subject to the provisions contained in the NEPRA Act and relevant rules framed there under.

**Authority**

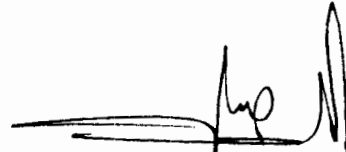
Himayat Ullah Khan  
Member

  
12.1.15

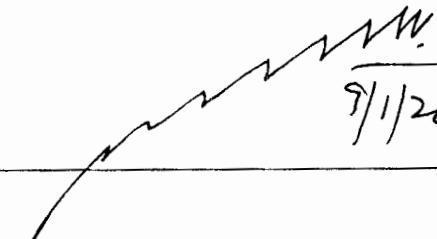
Maj. (R) Haroon Rashid  
Member

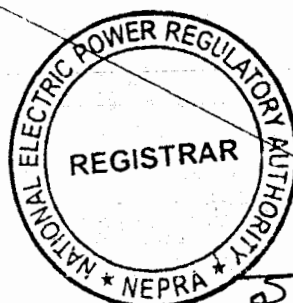
  
13/1/15

Khawaja Muhammad Naeem Memt

  
13.01.15

Habibullah Khilji  
Member/Vice Chairman

  
9/1/2015



# National Electric Power Regulatory Authority (NEPRA)

Islamabad – Pakistan

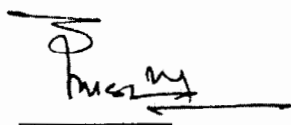
**GENERATION LICENCE**

**SGC/30/2005**

In exercise of the Powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section-26 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 the Authority hereby modifies the Generation Licence granted to Lucky Energy Private Limited (issued on April 19, 2005 and expiring on April 18, 2023), to the extent of changes mentioned as here under.

- (i). Installed capacity mentioned in the **Face Sheet** may be read as **46.57 MW** instead of **22.16 MW**;
- (ii). Changes in **Schedule-I** attached as **Modified/Revised Schedule-I**; and
- (iii). Changes in **Schedule-II** attached as **Modified/Revised Schedule-II**.

This **Modification-III** is given under my hand this 15<sup>th</sup> of January  
**Two Thousand & Fifteen**

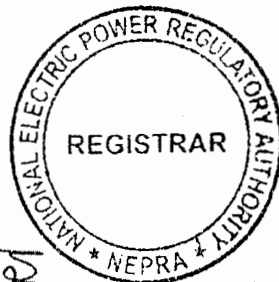
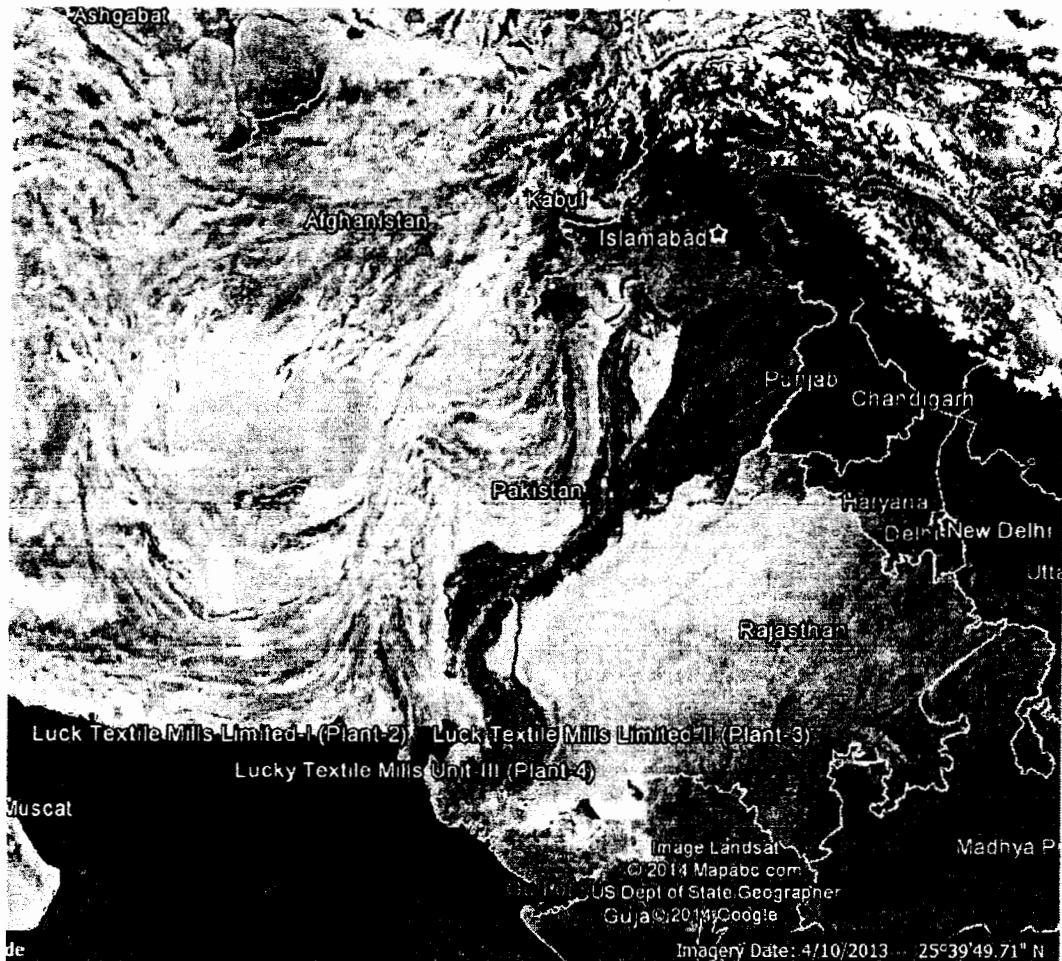
  
Registrar



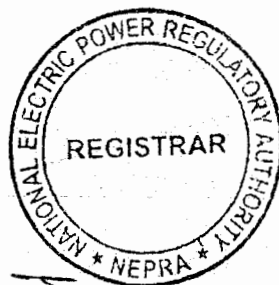
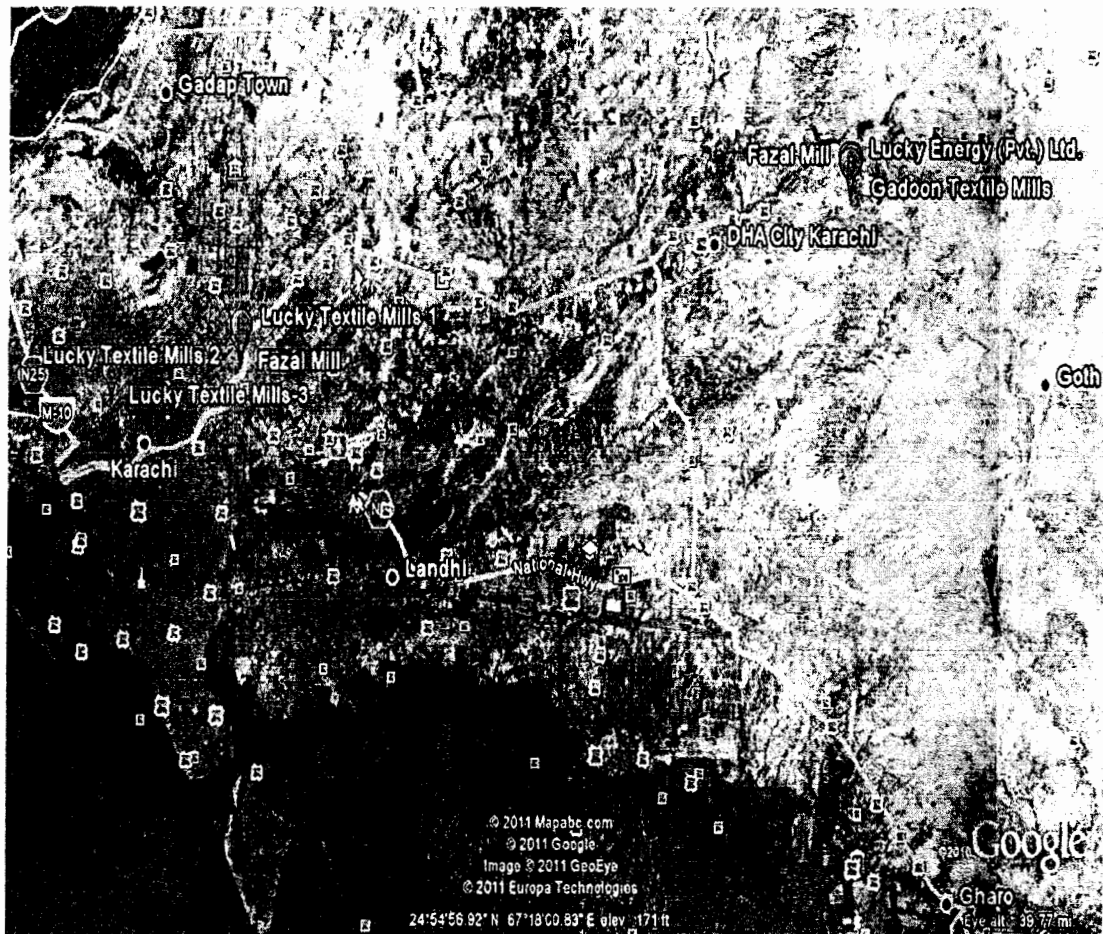
**SCHEDULE-I**  
**(Modified/Revised)**

The Location, Size (i.e. Capacity in MW), Type of Technology, Interconnection Arrangements, Technical Limits, Technical/Functional Specifications and other details specific to the Generation Facilities of the Licensee are described in this Schedule.

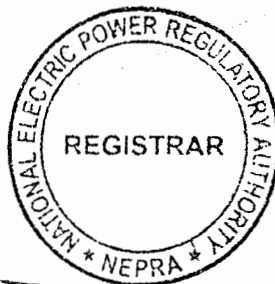




Generation Licence  
Lucky Energy (Pvt.) Limited  
L-8, Block-21, Federal "B" Area  
Karachi  
Sindh

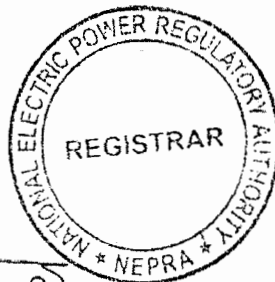


Generation Licence  
Lucky Energy (Pvt.) Limited  
L-8, Block-21, Federal "B" Area  
Karachi  
Sindh

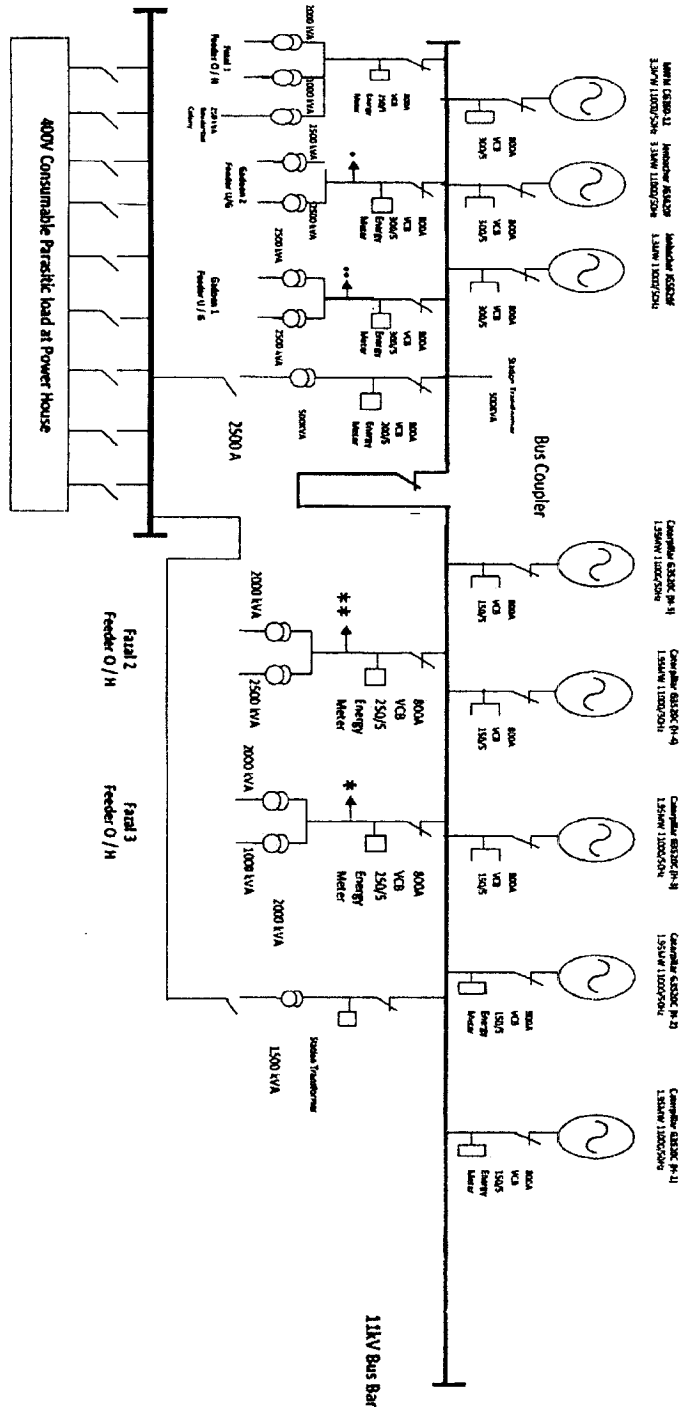




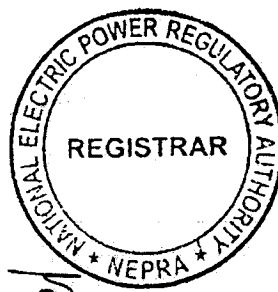




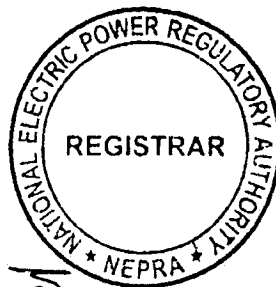
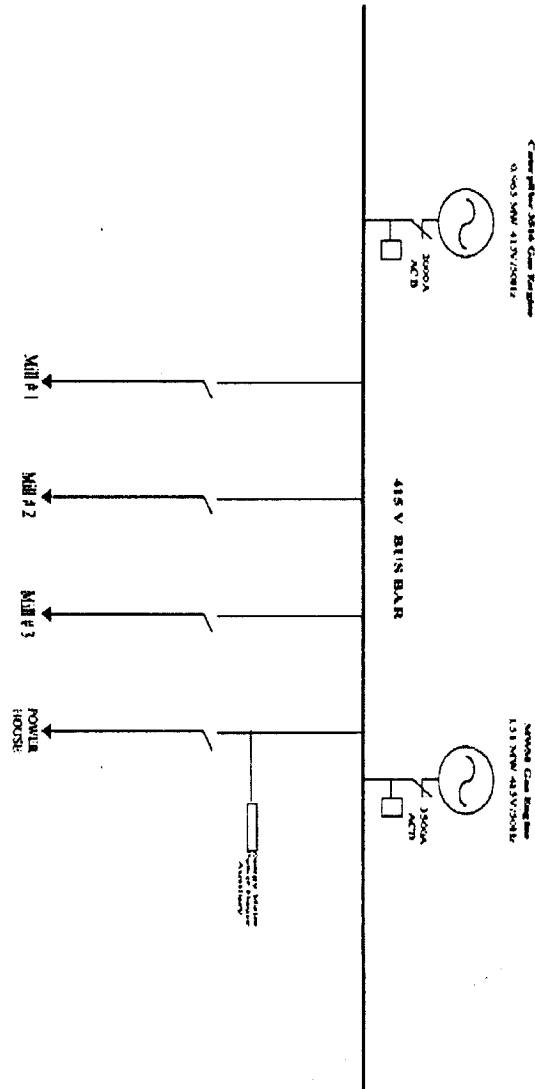
# Proposed Single Line Electrical Diagram Plant 1

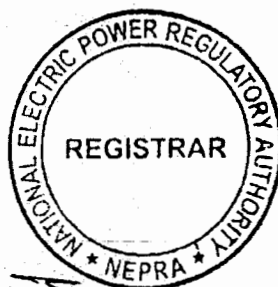
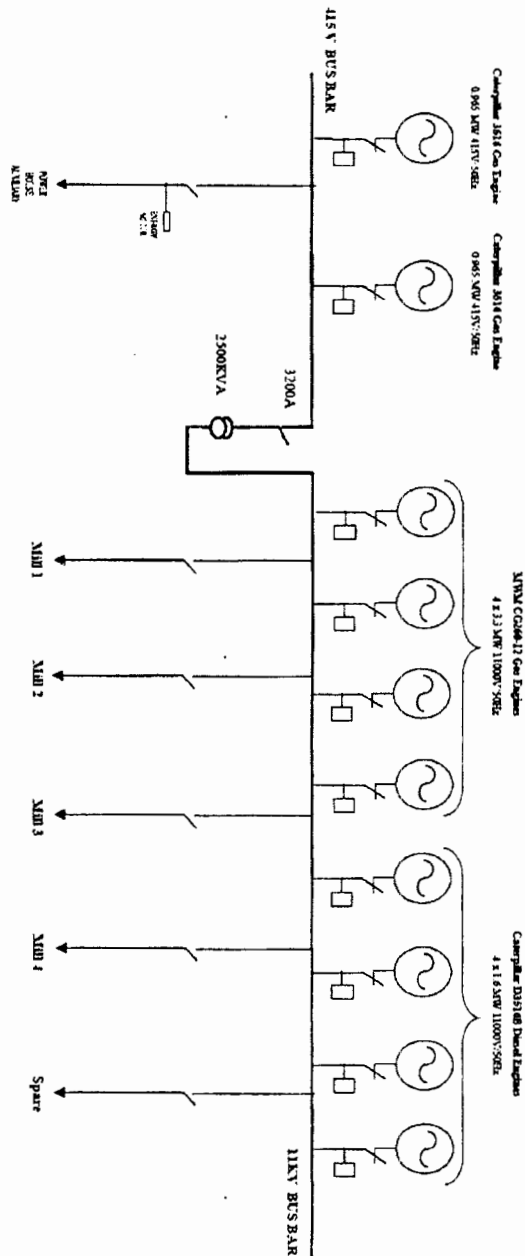


\* Supplied by Overhead Conductors  
 \*\* Supplied by Flexible Cable 30mm<sup>2</sup> 3 Core

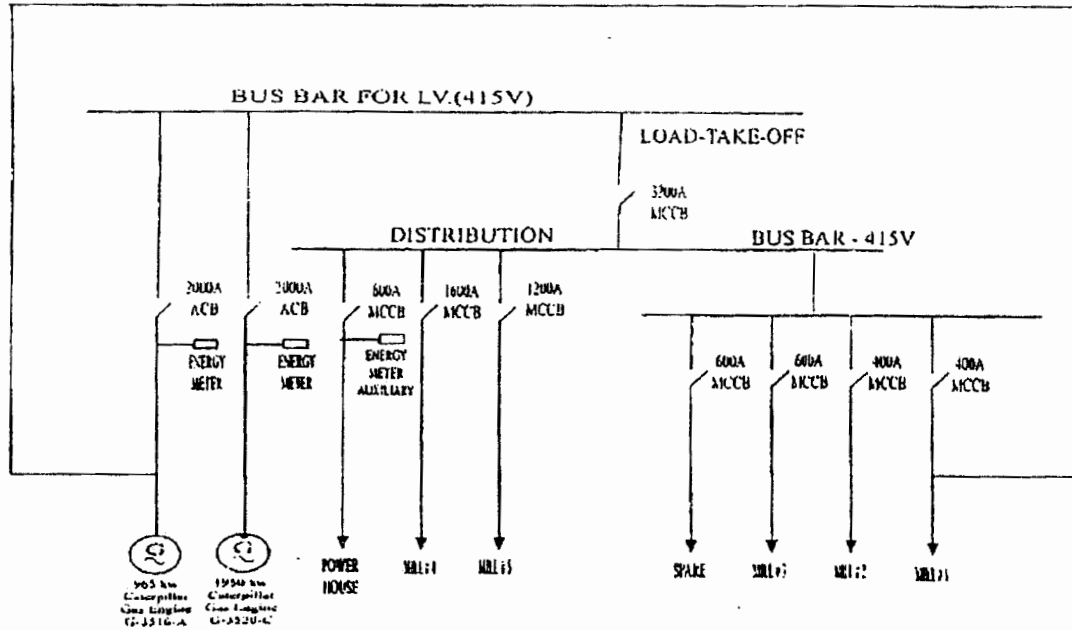


Single Line Diagram (Plant-2)





# Single Line Diagram (Plant-4)



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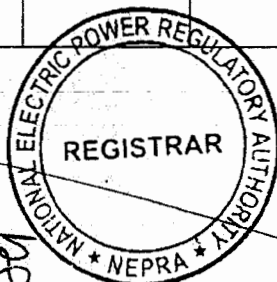
### Plant Details

#### (A). General Information

(i).	Name of Applicant	Lucky Energy (Pvt.) Limited			
(ii).	Registered/Business Office	L-A, 2/B, Block-21, Federal "B" Area, Karachi.			
(iii).	Plant Location	Plant-I	Plant-II	Plant-III	Plant-IV
		57-Km, Superhighway, Karachi	L-8, Block-21, Federal "B" Area, Karachi	L-3, Block-21, Federal "B" Area, Karachi	Plot No. A/8-C, SITE, Karachi.
(iv).	Type of Generation Facility	Thermal Generation Facilities			

#### (B). Plant Configuration

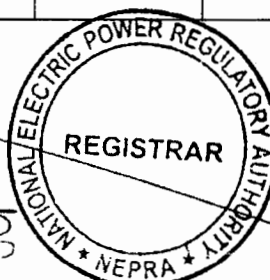
		Plant-I	Plant-II	Plant-III	Plant-IV
(i).	Plant Size Installed Capacity MW (Gross)	19.65	2.475	21.53	2.915
(ii).	Plant type	Gas Engines	Gas Engines	Gas Engines + Diesel Engine	Gas Engines
(iii).	Number of Units/Size (MW)/Make & Model	Plant-I	Plant-II	Plant-III	Plant-IV
		5 x 1.95MW (Caterpillar G3520C) + 2x3.3MW (Jenbacher JGS620G) + 1 x 3.3 MW (MWM CG260-12)	1x0.965 MW (Caterpillar G3516A) + 1x1.51MW (MWM CG-170-16)	1x1.95MW (Caterpillar G3520C) + 4x3.3 MW (MWM CG260-12) + 4x1.6 MW (Caterpillar D3516B)	1x1.95MW (Caterpillar G3520C) + 1x0.965 MW (Caterpillar G3516A)



		Plant-I	Plant-II	Plant-III	Plant-IV
(iv).	Commissioning/ Commercial Operation Dates	[(Caterpillar Units September 30, 2007), (Jenbacher Units July 31, 2011) and (MWM Unit February. 2013)]	[(Caterpillar Unit July 4, 1995) and (MWM Unit February. 2013)]	[(Caterpillar Unit July 01, 1998), (MWM Units June 30 2015) and (Caterpillar Units June 30 2015)]	Caterpillar 3520C May 23, 2005  Caterpillar 3516A April 23, 1995
		Plant-I	Plant-II	Plant-III	Plant-IV
(v).	Minimum Expected Life of the units of Facility from Commercial Operation/Commissioning Date	Caterpillar Units 20 Years  Jenbacher Units 20 Years  MWM Units 20 Years	Caterpillar Units 20 Years  MWM Units 20 Years	Caterpillar Unit (3516A) 20 Years,  MWM Units 20 Years  Caterpillar Units 20 Years	Caterpillar Units 20 Years  Caterpillar Units 20 Years
		Plant-I	Plant-II	Plant-III	Plant-IV
(vi).	Minimum Expected Remaining useful Life of the units of the Facility	Caterpillar Units 13 Years  Jenbacher Units 17 Years  MWM Units 19 Years	Caterpillar Units 01 Year  MWM Units 19 Years	MWM Units 20 Years  Caterpillar Units 20 Years	Caterpillar Units 11 Years  Caterpillar Units 03 Years

(C). Fuel Details

		Plant-I	Plant-II	Plant-III	Plant-IV
(i).	Primary/Main Fuel	Natural Gas	Natural Gas	Natural Gas + Diesel	Natural Gas



(ii).	Alternate Fuel	Plant-I	Plant-II	Plant-III	Plant-IV
		N/A	N/A	N/A	N/A
(iii).	Fuel Source (Imported/Indigenous)	Plant-I	Plant-II	Plant-III	Plant-IV
		indigenous	indigenous	indigenous	indigenous
(iv).	Fuel Supplier	Plant-I	Plant-II	Plant-III	Plant-IV
		SSGC	SSGC	SSGC/PSO	SSGC
(v).	Fuel Storage Facilities	Plant-I	Plant-II	Plant-III	Plant-IV
		N/A	N/A	N/A	N/A
(vi).	Capacity of Storage Facilities	Plant-I	Plant-II	Plant-III	Plant-IV
		N/A	N/A	N/A/300 Ton	N/A
(vii).	Supply Arrangement	Plant-I	Plant-II	Plant-III	Plant-IV
		Through Pipeline	Through Pipeline	Through Pipeline/ Tankers	Through Pipeline

**(D). Emission Values**

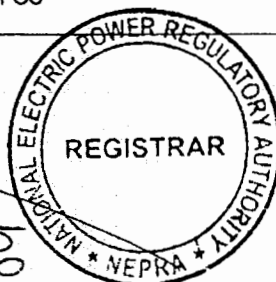
(i).	SO <sub>x</sub>	0 mg/Nm <sup>3</sup>
(ii).	NO <sub>x</sub>	200 mg/Nm <sup>3</sup>
(iii).	CO <sub>2</sub>	0 mg/Nm <sup>3</sup>
(iv).	CO	500 mg/Nm <sup>3</sup>
(v).	PM <sub>10</sub>	100 mg/Nm <sup>3</sup>

**(E). Cooling System**

(i).	Cooling Water Source/Cycle	Municipal Supply/Tube Wells through (Reverse Osmosis Plant)
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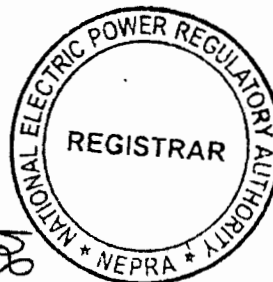
**(F). Plant Characteristics**

(i).	Generation Voltage	11KV
(ii).	Frequency	50 Hz
(iii).	Power Factor	0.95 Lagging
(iv).	Automatic Generation Control (AGC)	Yes



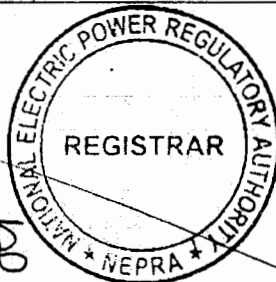


(v).	Ramping Rate	N/A
(vi).	Time required to Synchronize to Grid and loading the complex to full load.	N/A

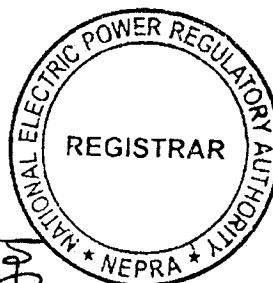


**Information Pertaining to the Bulk Power Consumers of the Licensee  
(i.e. Lucky Energy (Private) Limited)**

		Plant-I		Plant-II	Plant-III	Plant-IV
		FTML	GTML	LTM-1	LTM-2	LTM-3
A.	No of Consumers	Two (02) Consumers [i.e. Fazal Textile Mills Ltd. (FTML) and Gadoon Textile Mills Ltd. (GTML)]		One (01) Consumer [i.e. Lucky Textile Mills No. 1 (LTM-1)]	One (01) Consumer [i.e. Lucky Textile Mills No. 2 (LTM-2)]	One (01) Consumer [i.e. Lucky Textile Mills No. 3 (LTM-3)]
B.	Location of consumers (distance and/or identity of premises)	57 Km, superhighway Near Lucky Cement Karachi.		L-8, Block-21, Federal "B" Area, Karachi.	L-3, Block-21, Federal "B" Area, Karachi.	Plot # A/8-C, S.I.T.E, Karachi.
C.	Contracted Capacity and Load Factor for consumer	Plant-I		Plant-II	Plant-III	Plant-IV
		FTML	GTML	LTM-1	LTM-2	LTM-3
		11.74 MW	6 MW	1.36 MW	14.67 MW	2.43 MW
		90%	90%	90%	90%	90%
D.	Specify Whether					
	(i) The consumers are Associate undertakings of the LEPL-If yes, specify percentage.	The consumers are Associate undertakings of the LEPL with common Directorship.				
	(ii) There are common directorships.	Yes				
	(iii) Either can exercise influence or control over the other.	Yes				

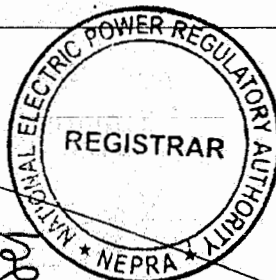


E.	Specify nature of contractual Relationship		
	(i)	Between each consumer and LEPL	The consumers are an associated undertaking of the LEPL
	(ii)	Consumer and DISCO	Nil
F.	Any other network information deemed relevant for disclosure to or consideration by NERPA		N/A



**Information Regarding Distribution Network for Supply of Power to  
Bulk Power Consumers**

		Plant-I						Plant-II	Plant-III	Plant-IV
A.	No. of Feeders	F-1	F-2	F-3	F-4	F-5	F-6	Power is directly supplied to consumers from LEPL main Distribution Panel at 11 KV.		
B.	Length of each Feeder (Meter)	467	320	320	467	500	365	-do-		
C.		Plant-I						Plant-II	Plant-III	Plant-IV
		F-1	F-2	F-3	F-4	F-5	F-6	Power is directly supplied to consumers from LEPL main Distribution Panel at 11 KV.		
		467	320	320	467	500	365			
		FTML			GTML					
D.	In respect of all the Feeders describe the property (streets, farms, Agri land etc.) through under or over which they pass right up to the premises of customers, whether they cross over or pass near the DISCO's lines.	All the Feeders are Located within respective consumer premises. Feeders/Power Cables do not cross over or pass near any DISCO's line.								
E.	Whether own by LEPL, Consumer or DISCO (deal with each Feeder Separately)	Owned by LEPL Consumers.								
	(i) If owned by DISCO, please furnish particulars of contractual arrangement.	N/A								



	(ii) Operation and Maintenance responsibility for each Feeder.	The respective Consumers of LEPL are responsible for the operation and Maintenance of the Feeders.
F.	Whether connection with network of DISCO exists (whether active or not), if yes, provide details of connection arrangements (both technical and contractual)	LEPL has no network connection with any DISCO (i.e. HESCO or KESC).
G.	Any other network information deemed relevant for disclosure to or consideration by NEPRA	N/A

