



NC  
ELECTRIC COMPANY  
L T D.

31 March 2017

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

**Subject:** **NC Electric Company Limited ("the Company") – Application for Licensee Proposed Modification of the Generation License**

Dear Sir,

The Company was granted the Generation License No. SGC/115/2016 on 14 April 2016 (the "**Generation License**") by NEPRA, under Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("**NEPRA Act**"), for its 46 MW imported/local Coal based generation facility located at 49-KM Lahore-Multan Road, Mauza Gagga Phoolnagar, Tehsil Pattoki, District Kasur in the Province of Punjab (the "**Project**").

As you are already aware, the Project was set up primarily to meet the electric power requirements of the group companies of Nishat Chunian Group however some of the available surplus electricity was to be supplied to nearby located industrial units. In this regard, NCECL had informed NEPRA at the time of its generation licence application that it will be supplying electricity to two complexes of Nishat Chunian Limited ("**NCL**") housing different units. Furthermore, NEPRA was informed that surplus energy will also be supplied to Abu Bakar Textile Mills Limited, Marral Textile Mills Limited, Hussain Mills Limited and Azam Textile Mills Limited (all together hereinafter referred to as "**Bulk Power Consumers**" or "**BPC**"). Being empowered pursuant to Section 21 of the NEPRA Act the Authority allowed the Company to sell energy to the aforementioned Bulk Power Consumers.

After consuming energy for its personal use and supplying the remaining to the BPC, the Company still has some energy to spare which the Company wishes to supply to nine (9) more entities i.e. Saaz Gold Industries (Private) Limited, Popular Juice Industries (Private) Limited, Saritow Spinning Mills Limited, BBJ Pipe Industries (Private) Limited, Millat Industries Product Ltd., Sky Textile Mills Ltd., Gham Auto Industries Ltd., Livea Pharma (Pvt.) Ltd., and Medi Gas Oxygen (Pvt.) Ltd.. The Company therefore desires to add such entities to the list of the existing Bulk Power Consumers by way of modifying the list of BPC in Schedule I ("**Schedule I**"), the authorisation for which is provided in Schedule II of the Generation License (the "**Authorisation**"). It is kindly submitted that at this stage, Schedule I and the Authorisation can be changed in order to disperse the surplus power generation of the Project to four (4) more entities, as further explained in detail in the enclosed Annexure I.

Therefore, pursuant to Regulation 10(2) of the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 (the "**Regulations**"), I, Babar Ali Khan, CFO, being the duly authorized representative of the Company by virtue of Board Resolutions dated 24 February 2017, hereby apply to NEPRA on behalf of the Company for modification of the



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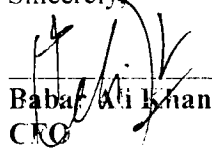
Generation License, specifically Schedule 1 and the Authorisation as produced therein, to cater for the addition of Saaz Gold Industries (Private) Limited, Popular Juice Industries (Private) Limited, Saritow Spinning Mills Limited, Millat Industries Product Ltd., Sky Textile Mills Ltd., Ghani Auto Industries Ltd., Liven Phrma (Pvt.) Ltd., Medi Gas Oxygen (Pvt.) Ltd., and BBJ Pipe Industries (Private) Limited as power purchasers of the surplus power of the Project, amongst the already identified Bulk Power Consumers therein.

In relation hereto, I certify that the documents-in-support enclosed with this modification application are prepared and submitted in conformity with the provisions of the Regulations, and that the Company undertakes to abide by the terms and provisions of the Regulations. The Company further undertakes and confirms that the information provided in the enclosed documents-in-support is true and correct to the best of knowledge and belief.

A Pay Order in the sum of Rs.269,985, being the modification fee calculated in accordance with Schedule II to the Regulations (as amended), is also enclosed herewith.

In light of this application and its enclosures, you are kindly requested to proceed in accepting our application for the modification of the Generation License.

Sincerely,

  
Babar Ali Khan  
CEO

**Enclosures:**

1. Pay Order of Rs. 269,985.
2. Extract Of Resolution Passed By The Board Of Directors of NC Electric Company Limited dated 24 March 2017 (**Annex A**).
3. Affidavit dated Mar 31, 2017 (**Annex B**).
4. Text of the Proposed Modification (**Annex C**).
5. Statement of reasons in support of the proposed modification (**Annex D**).
6. Statement of the impact on the Tariff, Quality of Services and the Performance by the Licensee of its obligations under the Generation License (**Annex E**).



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ANNEX "A"

**EXTRACT OF THE RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS OF NC ELECTRIC COMPANY LIMITED IN THE MEETING HELD AT THE REGISTERED OFFICE OF THE COMPANY ON 24 FEBRUARY 2107**

**RESOLVED**, that the Company may file an 'Application for Licensee Proposed Modification in the Generation License' No. SGC/115/2016 granted to the Company by NEPRA on 14 April 2016.

**FURTHER RESOLVED**, that Mr. Babar Ali Khan - CFO, is authorized to sign the necessary documentation, pay the necessary filing fees, appear before the Authority as needed, and do all acts necessary or incidental for completion and/or processing of the 'Application for Licensee Proposed Modification in the Generation License'.

Certified that the above resolution: (i) was duly passed on 24 February 2017 at 31-Q Gulberg II, Lahore in a meeting of the Board of Directors of NC Electric Company Limited at which a quorum of directors was present; and (ii) has not been rescinded and is in operation and that this is a true copy of the extract of the said resolution.

Signature

Company Secretary

ANNEX "C"

**TEXT OF THE PROPOSED MODIFICATION**

1. The following changes should kindly be made in the license:
  - a) In Schedule - I under the heading "Information Pertaining to the Bulk Power Consumer" in sub-clause (i) the total number of BPCs should be changed from six (6) to fifteen (15).
  - b) In Schedule - I under the heading "Information Pertaining to the Bulk Power Consumer" in sub-clause (ii) the following nine names should be added to the list of names of BPCs: Saaz Gold Industries (Private) Limited, Popular Juice Industries (Private) Limited, Saritow Spinning Mills Limited, BBJ Pipe Industries (Private) Limited, Millat Industries Product Ltd., Sky Textile Mills Ltd., Ghani Auto Industries Ltd., Liven Pharma (Pvt.) Ltd., and Medi Gas Oxygen (Pvt.) Ltd., as BPC VII, BPC VIII, BPC IX, BPC X, BPC XI, BPC XII, BPC XIII, BPC XIV, and BPC XV respectively.
  - c) In Schedule - I under the heading "Information Pertaining to the Bulk Power Consumer" in sub-clause (iii) BPC VII, BPC VIII, BPC IX, BPC X, BPC XI, BPC XII, BPC XIII, BPC XIV, and BPC XV should be added to location of each BPC.
  - d) In Schedule - I under the heading "Information Pertaining to the Bulk Power Consumer" in sub-clause (iv) in the column identity, BPC VII, BPC VIII, BPC IX, BPC X, BPC XI, BPC XII, BPC XIII, BPC XIV, and BPC XV, should be added, under the column contracted load 1 MW should be added for BPC VII, 1 MW should be added for BPC VIII, 5.5 MW should be added for BPC IX, 4.5 MW should be added for BPC X, 472 KW should be added for BPC XI, 350 KW should be added for BPC XII, 204 KW should be added for BPC XIII, 1 MW should be added for BPC XIV, and 611 KW should be added for BPC XV. Under the column load factor 0.75%-0.85% should be added for BPC VII, 0.75%-0.85% should be added for BPC VIII, 0.8%-0.85% should be added for BPC IX, BPC X, BPC XI, BPC XII, BPC XIII, BPC XIV, BPC XV, 0.75%-0.85% should be added for BPC VIII, 0.80%-0.90% should be added for BPC IX, 0.80%-0.90% should be added for BPC X, and 0.80%-0.85% should be added for BPC XI, XII, XIII, XIV, XV.
  - e) In Schedule - I under the heading "Information Regarding Distribution Network for Supply of Power to Bulk Power Consumer" in sub-clause (i) the number of feeders should be changed from six (6) to Fifteen (15).
  - f) In Schedule - I under the heading "Information Regarding Distribution Network for Supply of Power to Bulk Power Consumer" in sub-clause (ii), in the identity column, BPC VII, BPC VIII, BPC IX and BPC X should be added, in the feeder no column, F-VII, F-VIII, F-IX, F-X, F-XI, F-XII, F-XIII, F-XIV, and F-XV should be added, under

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the column feeder length 1.6 km, 2.15 km, 2 km, 4.6 km, 1.2 km, 1.8 km, 2.5 km, 1 km and 1.5 km should be added for BPC VII, BPC VIII, BPC IX, BPC X, BPC XI, BPC XII, BPC XIII, BPC XIV, and BPC XV respectively.

- g) In Schedule - I under the heading "Information Regarding Distribution Network for Supply of Power to Bulk Power Consumer" in sub-clause (iv), in the third column, F-VII, F-VIII, F-IX, F-X, F-XI, F-XII, F-XIII, F-XIV, and F-XV should be added and in the fourth column "The feeder is located on the private property of BPC" should be added.
- h) In Schedule - I under the heading "Information Regarding Distribution Network for Supply of Power to Bulk Power Consumer" in sub-clause (v-a) and (v-b), in the fourth column, F-VII, F-VIII, F-IX, F-X, F-XI, F-XII, F-XIII, F-XIV, and F-XV should be added and in the fifth column of Clause (v-a) "Owned by BPC itself" should be added against F-VII, F-VIII, F-IX and F-X, F-XI, F-XII, F-XIII, F-XIV, and F-XV. In the fifth column of sub-clause (v-b) "BPC itself" should be added next to F-VII, F-VIII, F-IX, FX, F-XI, F-XII, F-XIII, F-XIV, and F-XV ("**Proposed Modification**").

Kindly note that the remaining content of the Generation License regarding the Bulk Power Consumers of the Project, in particular the Authorisation as produced in Schedule-II, may also be changed/modified to reflect the Proposed Modification.




ANNEX "D"

**STATEMENT OF REASONS IN SUPPORT OF THE PROPOSED MODIFICATION**

The Project has started commercial operations and is currently dispersing power in accordance with the Schedule I and Authorisation, as produced in the Generation License.

Kindly note that the Proposed Modification shall be in public interest as it will enable the Company to supply the excess/surplus power generation of the Project to four more entities, being 12 MW for the term of the Generation Licence, which shall result in a more resourceful Project and the BPCs shall benefit from a continuous supply of electricity to run their businesses swiftly and produce goods and materials which carry economic value. Please also note that the Proposed Modification is in compliance with the applicable laws, in particular Regulation 10(5) of the Regulations and:

- (a) does not adversely affect the performance by the Company 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 NEPRA Act or the rules or regulations made pursuant to the NEPRA 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 Generation 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 Company.

The NEPRA Act provides that "*in performing its functions under this Act, the Authority shall, as far as practicable, protect the interests of consumers and companies providing electric power services in accordance with guidelines, not inconsistent with the provisions of this Act, laid down by the Federal Government"*<sup>1</sup>; whereas in relation to organisational matters, it provides that "*.....the Authority may in the public interest, with or without modifications, approve the following activities by a licensee for generation, transmission and distribution, namely:- (b) the expansion of a licensee's business activities.....*"<sup>2</sup>

The lenders, usually the most conservative stakeholders, have also appreciated this initiative/Proposed Modification, and in view of the on-going energy crisis in the country, the Company believes that proceeding with the Proposed Modification will not be against public interest, and shall prove mutually beneficial for all stakeholders, including the consumers who will benefit from power generated from a more resourceful Project.

Section 7(b) of the NEPRA Act, 1997  
<sup>2</sup> Section 33(b) of the NEPRA Act, 1997



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ANNEX "E"

STATEMENT OF THE IMPACT ON THE TARIFF, QUALITY OF SERVICE AND THE PERFORMANCE  
BY THE LICENSEE/COMPANY AND ITS OBLIGATIONS UNDER THE GENERATION LICENSE

**Impact on Tariff:** As the learned Authority would appreciate, the proposed modification will not impact the tariff in any manner rather by selling the excess capacity, the licensee will be able to run its plant at full capacity, resulting in lower fixed costs per unit.

**Impact on Quality of Service and the Performance by the Company/Licensee:** The Company certifies that quality of service and the performance by the Company under the Generation License shall not be affected on acceptance by NEPRA of the 'Application for the Licensee Proposed Modification of the Generation License'.

**Impact on obligations:** In addition to supplying power to its existing Bulk Power Consumers (as set out in the Generation License), the Company shall be supplying surplus power to four more entities. Since the power that is intended to be supplied to four more entities shall be the 'surplus' power (i.e. in relation to which NCECL has no commitment towards the existing Bulk Power Consumers), therefore the existing Bulk Power Consumers shall not be adversely affected by the Proposed Modification.

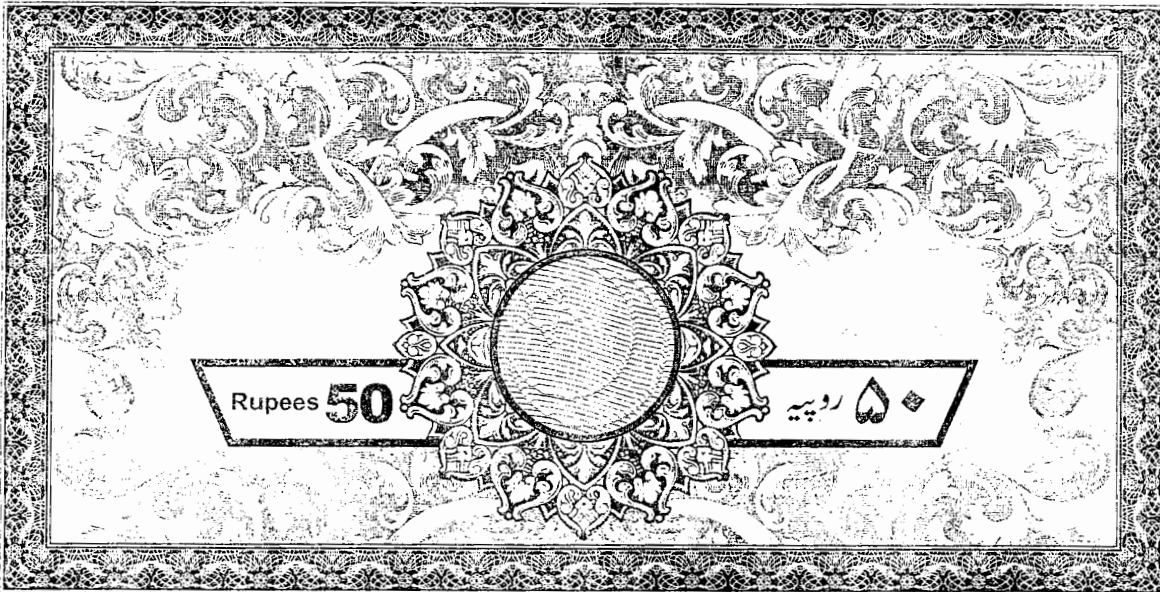
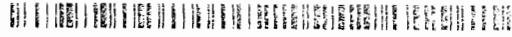
**PRAYER**

In light of the aforesaid, it is respectfully prayed that the Application for Licensee Proposed Modification of the Generation License of NCECL may kindly be allowed by the Authority.

We remain available to assist the Authority in further queries/clarifications.

Yours Sincerely,

  
For and on behalf of NC Electric Company Limited




ANNEX "B"

**BEFORE THE NATIONAL ELECTRIC  
POWER REGULATORY AUTHORITY**

AFFIDAVIT

I, Babar Ali Khan, CFO of NC Electric Company Limited, being the duly authorized representative of NC Electric Company Limited, hereby solemnly affirm and declare that the contents of the accompanying 'Application for Licensee Proposed Modification of the Generation License' dated 31 March 2017, including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed.

I also affirm that all further documentation and information to be provided by me in connection with the accompanying application shall be true to the best of my knowledge and belief.

  
DEPONENT  
Babar Ali Khan - CFO

Verification:

Verified on oath at 31 Q Gulberg II Lahore on this 31<sup>st</sup> day of March 2017 that the contents of the above affidavit are correct and true to the best of my knowledge and belief.

  
DEPONENT  
Babar Ali Khan - CFO

