

Registrar,
NEPRA Tower, Attaturk Avenue (East),
Sector G-5/1, NEPRA
Islamabad

F/A

Ref # KE/BPR/NEPRA/2020/010
January 9, 2020

SUBJECT: KE's MOTION FOR REVIEW UNDER REGULATION 3(2) OF THE NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 AGAINST THE DETERMINATION OF NEPRA IN THE MATTER OF APPLICATION OF GRID EDGE (PRIVATE) LIMITED FOR GRANT OF GENERATION LICENCE

Dear Sir,

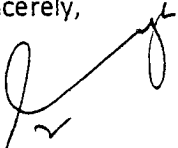
We write with reference to NEPRA determination ('hereinafter referred to as the 'Said Determination') having reference as # NEPRA/R/LAG-437/26982-988 dated December 10, 2019 received in this office dated December 12, 2019, whereby NEPRA has granted Generation License to Grid Edge (Pvt) Ltd.

Being aggrieved with the Said Determination, KE has inter-alia decided to file Motion for Review against the Said Determination pursuant to Regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009 (Review Regulations) enclosed as Annexure A.

In compliance with the Review Regulations, please find enclosed accompanying the Motion for Review, Cheque # 10081683 dated 07.01.2020 amounting to Rs. 79,588/- as Review Fees calculated in accordance with the Schedule of the Review Regulation along with other additional documents as follows:

- Board Resolution along with General Power of Attorney are enclosed as Annexure B and C
- Affidavit of Deponent is enclosed as Annexure D
- Authorization letter in favor of signatory is enclosed as Annexure E

Sincerely,



Ayaz Jaffar Ahmed
Director – Finance and Regulations

For information & signature
→ DRO/DRG-I
Gupta:
— SA (Tech) — SA (II)
— DG (M&E) — ADG (Gy)
— LA (Lia) — NF
10.01.20
Chairman
MC
M(T)
M(G)
M(C),

Enclosures: Annexure A – E & Cheque # 10081683 dated 07.01.2020

REGISTRAR
Dy. No. 554
Date: 10-01-20

Habib Bank Limited, Pakistan
HBL Plaza Branch, Habib Bank Plaza,
I.I. Chundrigar Road, Karachi. (0786)

Payee's A/c Only

Cheque No 10081633

Date

D	D	M	M	07	01	2020	
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Not Negotiable

[illegible]

11 1008 1683 11 0540 786 1 000 786 7000 959 1 1 71 000 1

Cheque # 10081683

Dated: 07.01.2020

Amount: PKR 79,588/-

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)
MOTION FOR REVIEW AGAINST DETERMINATION OF NEPRA
IN THE MATTER OF GRANT OF GENERATION LICENCE TO GRID EDGE (PRIVATE) LIMITED
DATED DECEMBER 10, 2019

DETERMINATION

The National Electric Power Regulatory Authority (NEPRA) through its determination dated December 10, 2019 ('the Determination'), has granted Generation License to Grid Edge (Pvt.) Limited (**Grid Edge**) pursuant to Section 14B of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997/Amendment Act 2018 (**NEPRA Act as amended**) read with relevant provisions of the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 ('**Licensing Regulations**'). Aggrieved with the Determination, KE is filing this Motion for Review pursuant to Regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009 (**Review Regulations**).

SUMMARY OF REVIEW

That this Motion for Review is being filed under Regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009, inter alia, against the findings and determination as are incorporated in Paras C and D of the Determination, since the same do not fully take into account the submissions made by KE, hence as such suffers from legal infirmities of non-appreciation of facts and non-reading of evidence. Accordingly, KE humbly requests NEPRA to review its Determination dated December 10, 2019 in light of grounds explained below:



That KE submitted facts and grounds through its letter # KE/BPR/NEPRA/2018/834 dated December 24, 2018 on the Notice of Admission for Grant of Generation License to Grid Edge, which have been either disregarded or wrongfully interpreted by NEPRA. Hence, it is requested that the contents of KE letter dated December 24, 2018, (enclosed as an **Annexure A1**) should be treated as an integral part of this Motion for Review.

- i. That NEPRA through the instant Determination has allowed sale of electric power to a Bulk Power Consumer (**BPC**) i.e. P&G by a generation company i.e. Grid Edge, which is illegal and in violation of the exclusive distribution rights of KE as granted to it under its Distribution license dated July 21, 2003, which are protected by virtue of Section 50 of the NEPRA Act as amended as well as under law through an interim order dated December 13, 2018 granted in CP no. 8623/2018 (**'Court Order'**).
- ii. That for all intents and purposes as well as in compliance to well settled principles of law and judgments of the Honorable Courts read with Section 50 of the NEPRA Amendment Act 2018 (**Amended NEPRA Act**), the NEPRA Act 1997 (**NEPRA Act**) is the governing statute, under which any application for grant of generation license along with authorization to supply power to BPC within the service territory of KE is required to be assessed and evaluated. However, NEPRA in ignorance of aforementioned fact has issued the subject Determination on factual basis and assumptions without explaining as to how relevant provisions of the NEPRA Act are not violated by the instant Determination.
- iii. That the instant Determination adversely affects the obligations and sustainability of KE, as KE has already planned future capacity additions across the value chain based on its

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distribution exclusivity and taking into account the existing and projected future demand in its service area, which includes demand from BPCs as well. Accordingly, allowing generators to sell power directly to BPCs within KE's service area will result in stranded costs due to idle / under-utilized capacity, and the same will eventually have to be borne by other consumers. Further, this act of NEPRA is in contravention with KE's distribution exclusivity (protected through operation of law through an interim order dated December 13, 2018 (**'Court Order'**) in CP 8623/2018 as well as through Section 50 of the Amended NEPRA Act), and will also create significant challenges from system planning perspective along with serious financial implications for KE, including jeopardizing KE's ability to service its debt obligations or make the required investments, thus will have an adverse impact on the consumers.

- iv. Further, it is important to highlight that KE operates as per a regulated tariff regime, wherein, Tariff Terms and Conditions are determined by NEPRA and the tariff is also adjusted for government policy objectives of providing subsidy to low income areas and cross subsidies from high end residential and commercial consumers, hence, KE cannot commercially compete, rather is bound by the Tariff terms determined by NEPRA.

That the aforementioned objections establish that the Determination has been issued on arbitrary basis without any legal basis or justification.

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GROUND FOR REVIEW MOTION

That the Determination contains legal infirmities, non-reading and mis-reading of evidence, laws and facts as well as there are errors apparent on the face of record, which are detailed below for review:

- (i) That in response to Para C (vii), (x), (xi) and (xii), it is submitted that NEPRA while issuing the instant Determination has not holistically evaluated the larger public interests and has issued the instant Determination by making irrelevant/vague references to public-private partnership. That NEPRA cannot allow a generation company to sell power to a BPC, since the same falls within the ambit of distribution, which is a licensed activity and as such cannot be allowed without a valid distribution license. Further, no sale/distribution of electric power can be allowed in the service territory of KE, since the same is illegal and in violation of the exclusive distribution rights of KE as granted to it under its Distribution license dated July 21, 2003, which are protected by virtue of Section 50 of the NEPRA Act as amended as well as under law through Interim Court Order dated December 13, 2018 ('Court Order') granted in CP no. 8623/2018.
- (ii) That while passing the instant Determination, NEPRA has only focused on the profitability of P&G through lower cost of production for P&G and other factors which adversely affect the larger public interests that have been ignored. In this respect, it is pointed out that KE has already planned future capacity additions across the value chain based on its distribution exclusivity and taking into account the existing and projected future demand in its service area, which includes demand from BPCs as well. Accordingly, allowing generators to sell power directly to BPCs within KE's service area will result in stranded costs due to idle / under-utilized capacity, and the same will eventually have to be borne by other consumers.



Further this act of NEPRA is also in contravention of KE's distribution exclusivity, and will also create significant challenges from system planning perspective along with serious financial implications for KE, including jeopardizing KE's ability to service its debt obligations or make the required investments, thus will have an adverse impact on the consumers. For further details please refer to Paras iii and iv of the 'Summary of Review'.

In response to Para D (iii) and (v), it is submitted that NEPRA through the instant paras of the Determination has not identified, with any degree of precision or clarity as to how the applicable provisions of the NEPRA Act, laws and regulations are not infringed by allowing a generation company to sell power directly to a BPC. In respect of aforementioned it is submitted that KE possesses exclusive rights of distribution and sale for its service territory granted to it by virtue of its Distribution License dated July 21, 2003, which are protected under Section 50 of the Amended NEPRA Act as well as through Interim Court Order in CP 8623/2018 and no entity can be allowed to distribute and sale electric power in the service territory of KE or to any BPC of KE. Accordingly, NEPRA in addition to being statute barred is also restrained by the Court Order dated December 13, 2018 in CP 8623/2018 from taking any action interfering with the exclusive rights of KE, since the same is *ultra vires* to Section 50 of the Amended NEPRA Act as well as contravention to the Court Order in CP 8623/2018. Further, NEPRA also cannot unilaterally carve out any existing BPC base of KE owing to reasons explained in Paras iii and iv of the 'Summary of Review'.

Additionally, any action affecting the exclusive distribution rights of KE in addition to being in contravention to the operation of law and licensing regime are also contrary to relevant

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provisions of Article 24 of the Constitution of Pakistan, 1973 ('Constitution') which protects the property rights of the citizens of Pakistan as 'Fundamental Rights' enumerated as below:

"24. Protection of property rights.

(1) No person shall be compulsorily deprived of his property save in accordance with law.

(2) No property shall be compulsorily acquired or taken possession of save for a public purpose, and save by the authority of law which provides for compensation therefore and either fixes the amount of compensation or specifies the principles on and the manner in which compensation is to be determined and given."

Accordingly, since the instant Determination seeks to affect/dilute the exclusive distribution rights of KE, which have accrued since the issuance of Distribution License to KE and accordingly any such action by NEPRA is in breach of the public interests, statute barred and malafide and liable to be set aside.

- (iii) In response to Para D (vi) of the Determination, it is submitted that the proposed arrangement is classified as distribution, since the same in addition to movement or delivery also involves sale of power by a generation company to a BPC and accordingly cannot be allowed without a valid distribution license. Further, any distribution activity in the service territory of KE is against the exclusive rights of KE, which are protected under the law through Court Order in CP 8623/2018 as well as under section 50 of the NEPRA Act as amended.

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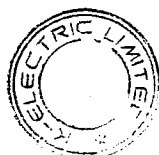
Accordingly, on the basis of aforementioned, NEPRA is requested to holistically review the definition of distribution as enshrined in the NEPRA Act as it cannot be used to subterfuge the supply of power by Grid Edge to P&G, which is in violation of exclusive rights granted to KE by virtue of its Distribution License and against the Court Order in CP 8623/2018.

- (iv) In response to Para D (xi) of the Determination, it is pertinent to mention that the legal stance adopted by NEPRA by putting emphasis on Sections 14B, 21 and 22 of the Amended NEPRA Act is against the well settled principles of law and judgments of Honorable Superior Courts, as the same cannot have retrospective effect. Accordingly, on the basis of aforementioned, it is pertinent to mention that the terms of KE's Distribution License cannot be changed by giving retrospective effect to new section 14B and amended Sections 21 and 22 of the NEPRA Act and that even Section 50 of the Amended NEPRA Act itself protects anything done and all actions taken under the earlier provisions of the NEPRA Act from being adversely affected or divested (including KE's Distribution License).

Accordingly, in view of the aforementioned, the Distribution License of KE cannot be modified on the basis of Amended NEPRA Act. Furthermore, such action is in clear violation of Section 50 of the Amended NEPRA Act, which expressly protects the terms and conditions of KE's Distribution License, which is to continue without being affected by the amendments in view of Section 50 and is therefore a well settled law.

Additionally, please note that even the modification sought by NEPRA through its letter # NEPRA/ADG(L)/LAD-01/18554 dated November 23, 2018 (copy of letter enclosed Annexure A2) in the Distribution License of KE on the basis of the amendments in NEPRA

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Act, has been duly challenged by KE in CP No. D-8623 of 2018 (KE vs NEPRA and FoP) in the Honorable High Court of Sindh and the Honorable Court vide its interim order dated December 13, 2018 ('Court Order') (Copy of order enclosed herewith as **Annexure A3**) has been pleased to suspend the operation of the impugned letter of NEPRA and therefore any further proceedings whether attempting to modify or change KE's Distribution License shall amount to violation of the Court Order of the Honorable High Court of Sindh. It is further pointed out that any grant of second tier license or distribution licenses allowing distribution rights to any entity in the exclusive service territory of KE will not only be illegal, in violation of KE's rights but will also amount to contempt of the Said Order.

Further, KE is at a loss to understand as to how grant of generation license to Grid Edge under Section 14B of the Amended NEPRA Act along with an authorization for supply of power to a BPC under Amended Section 22 of the NEPRA Act do not constitute violation of the Said Order. In this respect, it is pertinent to mention that the very essence of the Court Order is protection of exclusive distribution rights of KE until finality of the CP 8623/2018, which the grant of generation license to Grid Edge under Section 14B of the Amended NEPRA Act along with an authorization for supply of power to a BPC under Amended Section 22 of the NEPRA Act undermine, since the same is not possible without modification of KE's exclusive Distribution License. Hence, it is a mistaken interpretation of fact by NEPRA that it is not in violation of the Court Order and accordingly, the Determination warrants review on merits to avoid proceedings for contempt of court order as well as violation of Article 201 of the Constitution of Pakistan, 1973.

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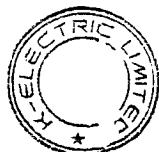


Accordingly, on the basis of aforementioned, NEPRA is requested to review the instant Determination holistically in view of all applicable legal scenarios, since the same is in violation of principles of natural justice, equity and fairness and as such attracts contempt of court proceedings.

STATEMENT OF PRAYER

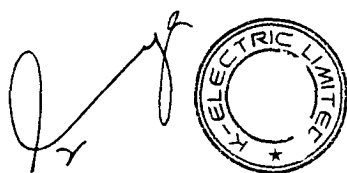
For the reasons and grounds stated hereinabove, it is prayed:

- (i) That the Motion for Review is accepted as there:
 - a. is misreading and non-reading of material facts, law and evidences;
 - b. is new evidence and facts that have been placed on record;
 - c. are errors apparent on the face of record,
- (ii) That the generation license granted to Grid Edge is illegal and unlawful;
- (iii) That the generation license granted to Grid Edge is in contravention of the Court Order dated December 13, 2018 passed in CP 8623/2018;
- (iv) That the generation license granted to Grid Edge is in contravention of the High Court judgments, rulings and interpretations;
- (v) That the generation license granted to Grid Edge be withdrawn, cancelled and or terminated;



That it is further prayed that KE may be allowed an opportunity of being heard through hearing in keeping with the principles of natural justice.

Please be informed that KE further reserves its right to adduce further and additional grounds of objection at the time of personal hearing in this matter.

A handwritten signature in black ink is positioned to the left of a circular stamp. The stamp features the text "K-ELECTRIC LIMITED" around its perimeter, with a small star at the bottom center.

Authorized Person



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

Ref # KE/BPR/NEPRA/2018/834

December 24, 2018

Without Prejudice

Subject: COMMENTS OF K-ELECTRIC (KE) ON THE NOTICE OF ADMISSION OF GRID EDGE (PRIVATE) LIMITED FOR GRANT OF GENERATION LICENSE

Dear Sir,

This is with reference to NEPRA notice ('the said notice') dated December 12, 2018 on the captioned subject. In this regard, please find below KE's comments on the application of Generation License ('the Application') of Grid Edge Private Limited ('Grid Edge').

At the outset, we object to the admission of the Application as the geographical location of Grid Edge's proposed service area is Port Qasim, Karachi which falls entirely within the Service Territory of KE. Further the arrangement proposed in effect means that Grid Edge will be involved in sale of electricity for which KE holds an exclusive right granted through its Distribution License no. 09/DL/2003 dated July 21, 2003 ('KE Distribution License'). That KE's Distribution License and in particular its **Articles 3 & 7 confer upon KE exclusive rights to sell electricity in the KE Service Territory**. Therefore, no other entity can distribute, make sale of electric power, make schemes or engage in incidental activities in the Service Territory of KE and hence this application is ineligible, void ab-initio and cannot be admitted/processed by NEPRA.

That it would be contrary to the due process if the exclusive right to sell electricity granted in 2003 by NEPRA was to be unilaterally reversed or circumscribed by NEPRA once legally vested rights have been created in favour of KE. Hence the proposed Application intends to dilute, impair, circumvent, abrogate and adversely affect the exclusivity awarded to KE through KE Distribution License which has attained finality and cannot be interfered with in any manner whatsoever.

Further, no generation license can be granted without issuing a public hearing in the matter which even otherwise would be in violation of KE's rights and KE reserves its rights to impugn the same.

Furthermore, it may be noted that NEPRA through its letter NEPRA/ADG(L)/LAD-01/18554 dated November 23, 2018 has sought to propose modification in the Distribution License of KE. The Authority Proposed Modification was challenged by KE in CP 8623 of 2018 (KE Vs NEPRA and FoP) in the Honorable High Court of Sindh and the Honorable Court vide its order dated December 11, 2018 has been pleased



to suspend the operation of the impugned letter of NEPRA and therefore any further proceedings whether attempting to modify or change KE's Distribution License shall amount to violation of the Said Order of the Honorable Sindh High Court of Sindh. It is pertinent to mention here that if the subject proceedings regarding grant of generation license to Grid Edge (along with permission to sell power) are continued, such continuance will not only be illegal, in violation of KE's rights but will also amount to violation of the above referred order of the Honorable Court as such permission to sell cannot be granted to Grid Edge without modification of KE's exclusive Distribution License.

We therefore reiterate that NEPRA cannot separately through the award of Generation License allow Grid Edge to make sales of Electricity to consumers within KE's exclusive Distribution Service Territory. In light of the above, KE hereby requests NEPRA to:

- (i) Immediately withdraw the public notice for grant of generation license along with permission to sell electric power to Grid Edge and stop any further proceedings in this regard;
- (ii) Reject the Application for grant of generation license submitted by Grid Edge and that NEPRA should not allow Grid Edge to engage in the sales of electricity or any activities relating to the sales, movement and delivery of electric power and facilities and the matters connected therein and incidental thereto within the exclusive service territory of KE.

Please note that KE reserves its right to impugn any such proceedings before the appropriate judicial forum.

Sincerely,

Ayaz Jaffar Ahmed
Director – Finance and Regulations



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

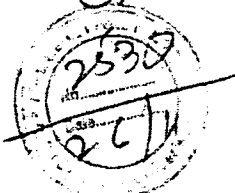
Registrar

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

No. NEPRA/ADG(L)/LAD-01/18554

November 23, 2018

Chief Executive Officer
K-Electric Limited (KEL)
KE House, Punjab Chowrangi,
39 - B, Sunset Boulevard, Phase-II
Defence Housing Authority,
Karachi



Subject:- **AUTHORITY PROPOSED MODIFICATION IN THE EXISTING DISTRIBUTION LICENCE OF KEL**

WHEREAS, in exercise of the powers conferred upon the National Electric Power Regulatory Authority (the "Authority") under Section-20 and 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the NEPRA Act), the Authority granted Distribution Licence (No. 09/DL/2003, Dated July 21, 2003) to KEL;

2. AND WHEREAS, in terms of Section-21 of the NEPRA Act, the abovementioned distribution company under Article-7 read with Schedule-1 of its license was allowed exclusivity to provide distribution services, make sale of electric power, make schemes and engage in incidental activities in its service territory;

3. AND WHEREAS, with the amendment in Section-21 of the NEPRA Act through NEPRA Amendment Act, 2018, the exclusivity of distribution companies to provide distribution services in their service territory has been omitted with the object to encourage participation by more market players to enhance efficiency to ensure better price, quality of service and choice for consumers. Relevant parts of the amended Section-21 are reproduced as under:

21. Duties and responsibilities of distribution licensees. — (1) The Authority may, after such enquiry as it may deem appropriate and subject to the conditions specified, grant a licence for the distribution of electric power.

(2) The licensee shall—

(a) possess the right to provide, for such period as may be specified in the licence, distribution service in the service territory specified in the licence and to frame schemes in respect of that service territory.....

4. AND WHEREAS, Section-26 of the NEPRA Act empowers the Authority to amend, or vary the conditions of any license issued under the NEPRA Act and states that:-

26. Modification. ---- If the Authority is of the opinion that it is in the public interest, it may, with the consent of the Licensee, amend or vary the conditions of any Licence issued under this Act and in the absence of Licensee's consent, the Authority shall conduct a

public hearing on whether the proposed amendment or variance is in the public interest and shall make a determination consistent with the outcome to this hearing.

5. AND WHEREAS, keeping in view the new market structure/reforms under the amended NEPRA Act, it is in the public interest as specified in the Section-26 of the NEPRA Act read with Regulation-10 of the National Electric Power Regulatory Authority Licensing (Application and Modification Procedure) Regulations, 1999 (the "Regulations"), to modify the terms of existing distribution licenses;

6. NOW THEREFORE, the Authority pursuant to sub-regulation-1(a) of Regulation-10 of the Regulations hereby communicates the text of the Authority Proposed Modification of the following relevant Article of the license:-


Article-7

Duties and Responsibilities of the Licensee

The Licensee shall during the term of the License, provide distribution service in the service territory and frame schemes in respect of that service territory as per provision of Article 3.2(i). The Licensee shall also make sales of electric power, make schemes and engage in incidental activities in the territory as a deemed supplier in terms of Section-23E of the Amended NEPRA Act.

7. Pursuant to sub-regulation-1(b) of Regulation-10 of the Regulations, the statements of the reasons in support of Authority Proposed Modification are that Section-21 of the NEPRA Act has been amended to foster competition in the power sector by removing the exclusive right to provide distribution services in a given service territory. It is imperative to note that the said statutory provision is effective from the date of amendment i.e. May 2, 2018 without any conditionality and deferment and therefore, existing distribution licenses are required to be modified immediately to bring consistency with the statutory provisions of the amended NEPRA Act and implement the market reforms introduced there under in letter and spirit.

8. You are therefore required to send your response on the Authority Proposed Modification either affirming or denying the modification within fourteen (14) days of the receipt of this communication. In the event of your failure to convey your response within the stipulated period, it shall be construed that you have no objection to the Authority Proposed Modification and the Authority will proceed accordingly.


(Muhammad Ramzan)
Director

IN THE HIGH COURT OF SINDH AT KARACHI

(Constitutional Jurisdiction)

Const. P. No. D-8623 /2018

1. **K-Electric Limited**
A public limited company incorporated
Under the Companies Ordinance 1984
having its registered office at KE House,
39-B, Sunset Boulevard Phase-II,
DHA, Karachi through its
duly Authorized officer / attorney
2. **Mr. Wahid Asghar**
Son of Ch. Asghar Ali (Late)
Muslim, Adult, Resident of: House No. 5/1, 12th Zulfiqar Street,
off Khayaban-e-Qasim, Phase VIII, DHA, Karachi
.....Petitioners

Presented on 11-12-18

Additional Registrar (Writ)

Vs.

1. **National Electric Power Regulatory Authority**
Through its Registrar,
Having its office at
NEPRA Tower,
Attaturk Avenue (East) G-5/1, Islamabad
2. **Federation of Pakistan**
Through Secretary
Ministry of Energy (Power Division)
Pakistan Secretariat, Islamabad
.....Respondents

**CONSTITUTIONAL PETITION UNDER SECTION 199 OF THE
CONSTITUTION OF PAKISTAN, 1973**

ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI

C.P. No. D-8623 of 2018

DATE: ORDER SHEET WITH SIGNATURE OF JUDGE(S)

Fresh Case

1. For orders on Misc No. 37819 of 2018.
2. For order on office objection No.18.
3. For orders on Misc No. 37820 of 2018.
4. For orders on Misc No. 37821 of 2018.
5. For hearing of main case.

11.12.2018

Mr. Muhammad Umar Lakhani, Advocate holds brief for
Mr. Abid S. Zeberi, Advocate for the Petitioners.

Let this petition be fixed on tomorrow i.e 12.12.2018 at
08.30 a.m.

SADAM/P.A

AGE

12/12/2018

Mr. Usama Tahir advocate holding brief for
Mr. Abid S. Zeberi counsel for petitioners.

At the request of learned counsel for petitioners
adjourned to 13-12-2018 at 8:30 A.M.



ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI
C.P. No.D-8623 of 2018

Dated: _____ Order with signature of Judge(s)

1. For order on office objection No.18.
2. For orders on Misc. No.37820/2018
3. For orders on Misc. No.37821/2018
4. For hearing of main case.

13.12.2018

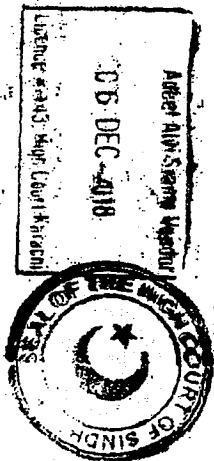
M/s. Abid S. Zuberi, Ayan Mustafa Memon and Usama Tariq, advocates
for the petitioners.

- 1) Deferred for the time being.
- 2) Exemption granted subject to all just exceptions.
- 3&4) Per learned counsel for the petitioners, the petitioner No.1 is a privatized public utility company engaged in the business of generating, transmitting and distributing the electricity to the domestic, commercial & industrial sectors of its service territory viz. Karachi, and other areas of the Province of Sindh and Baluchistan, which amounts to more than 2.45 Million connections (approximately 20 Million consumers) spread over approximately 6500 square kilometers of service territory. Learned counsel for the petitioners submits that petitioner No.1 is the only integrated company having valid licenses issued for generation, transmission and distribution for a period of twenty (20) years commencing from 21.07.2003 to 20.07.2023. Per learned counsel for the petitioners Article 7 of the Distribution License provided the petitioner No.1 with exclusivity to distribute electricity and sell electric power to consumers within its service territory as defined under Article 3.2(i) of the Distribution License. For the sake of convenience Article 7 is being reproduced as under:-

"Article 7
Exclusivity

Subject to the provisions of Section 22 of the Act the licensee shall, during the term of this License, have the exclusive right to provide distribution service, make sale of electric power, make schemes and engage in incidental activities in the Service Territory, as per provision of Article 3.2(i)."

Learned counsel for the petitioners has referred to the order passed by this Court on 17.06.2014 in Suit No.1638/2013 (KARACHI ELECTRIC SUPPLY



COMPANY LTD. VERSUS LOTTE POWERGEN (PVT.) LIMITED). Relevant

Para-17 of the same is being reproduced hereunder:-

"17. The more fundamental question with regard to Rule 7 is whether it survives the end of the 15 year period? Can there at all be any second-tier supply business now that the proviso to section 21(2)(a) and section 22 have become inapplicable? In my view Rule, 7 cannot be regarded as having become wholly inapplicable but it must be read down appropriately. With effect from 14-12-2012, no permission could be granted by NEPRA under Rule 7 to any generation company in any situation to which either the proviso or section 22 would have applied. However, there may be situations where there is a bulk power consumer who does not come within the service territory of any distribution company. It may be that Rule 7 can apply in such a case. Since that is not the situation at hand this point does not need be considered in detail".

Learned counsel for the petitioners submits that vide the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 (Act No.XII of 2018) the respondent No.2 amended the Section 21 of the NEPRA Act, 1997 (Act XL of 1997). For ready reference such amendment is being reproduced as under:-

"25. Amendment of section 21, Act XL of 1997.- In the said Act, in section 21, -

(A) in sub-section (1), the words "in this Act and as it may impose" shall be omitted; and

(B) in sub-section (2),-

(i) in clause (a),-

(a) the word "exclusive" shall be omitted;

(b) the expression "and to make sales of electric power to consumers" shall be omitted;

(c) for the word "territory", occurring twice, the words "service territory" shall be substituted; and

(d) in the proviso, the expression "within such territory as the Authority may, subject to section 22, for a period of fifteen years, allow" shall be omitted;

(ii) in clause (b), -

(a) the expression "and make sales of electric power shall be omitted;

(b) after the word "its", the word "service" shall be inserted; and

(c) the, proviso shall be omitted;

(iii) in clause (c), the expression "and power sales to consumers" shall be omitted;



(iv) for clause, (d), the following shall be substituted, namely:-

"(d) establish, within three months of the issue of its licence for distribution of electric power and make available to the public, the manner and procedure for obtaining its service;"

(v) for clause (e), the following shall be substituted, namely:-

"(e) make its transmission facilities available for operation by any other licensee, consistent with applicable instructions established by the system operator; and

(vi) in clause: (f), after the word "agency", the words "or Provincial' Government" shall be inserted."

Per learned counsel for the petitioners on the basis of aforementioned amendments in Section 21 of the NEPRA Act, 1997 the respondent No.1 (NEPRA) has issued impugned letter dated 23.11.2018 (available as annexure "P/6" at page-197 with MoP) proposing modifications in the existing Distribution License of the petitioner No.1. Per learned counsel for the petitioners it is a well settled principal of law that statutory amendments cannot have retrospective effect unless expressly specified. He further contends that respondent No.1 by attempting to revoke the exclusivity granted to the petitioner No.1 is applying the NEPRA Amendment Act, 2018 retrospectively to the petitioner No.1's license, which was granted on 21.03.2003 and valid upto 20.07.2023. Learned counsel for the petitioners further contends that such action of the respondent is in clear violation of Section 50 of the NEPRA Amendment Act, 2018 itself would save the terms and conditions of the petitioner No.1's Distribution License therefore, per learned counsel the impugned letter, referred to above is illegal, arbitrary, malafide, without jurisdiction and in violation of the Judgments of the Apex Courts. To support his contention learned counsel for the petitioners has relied upon the case of Nagina Silk Mill Lyallpur versus the Income Tax Officer. A-Ward, Lyallpur and another reported in PLD 1963 Supreme Court 322 wherein it was observed that :-

"The Courts must lean against giving a statute retrospective operation on the presumption that the Legislature does not intend what is unjust. It is chiefly where the enactment would prejudicially affect vested rights, or the legality of past transactions, or impair existing contracts, that the rule in question prevails."



Reference may be made in this connection to page 206 of Maxwell on the Interpretation of Statutes, Eleventh Edition. Even if two interpretations are equally possible, the one that saves vested rights would be adopted in the interest of justice."

Issue notice to the respondents and Attorney General for Pakistan under section 27-A of the Civil Procedure Code, 1908 for 10.01.2019. Till next date of hearing, the operation of the impugned letter, referred to above, shall remain suspended.

sd/ Syed Haseem-Asghar Rizvi
Judge

sd/ E. Iqbal Chaudhary
Judge

CERTIFIED TO BE TRUE COPY.



IN THE COURT OF THE JUDGE AT KARACHI
COPY APPLIED FOR ON 14-12-2018
FEES ESTIMATED ON 15-12-2018
ESTIMATED FEES DEPOSITED ON 15-12-2018
COPY MADE READY ON 15-12-2018
STAMPS SUPPLIED ON 15-12-2018
COPY DELIVERED ON 15-12-2018

COPYING FEES
URGENT FEES
COMPARING FEES

06 RS
PAGE 100
100

15-12-2018
Assistant Registrar (Civ. & Cr.)

15-12-2018
Assistant Registrar (Civ. & Cr.)

ANNEXURE B



Certified True Copy (CTC) of Resolution(s)
passed by K-Electric Board of Directors at its Meeting No. 1198
held on Thursday, 07 June 2018 at 11:00 hours in KE's Board Room,
3RD Floor, KE House, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi

Re: Appointment of Chief Executive Officer (CEO)

RESOLVED THAT in exercise of powers vested through section 187 and 188 of Companies Act, 2017 and Article 76(ii) and (vi) of K-Electric (KE) Articles of Association, Syed Moonis Abdullah Alvi be and is hereby appointed as interim Chief Executive Officer of the Company in place of Mr. Muhammad Tayyab Tareen with effect from 07 June 2018.

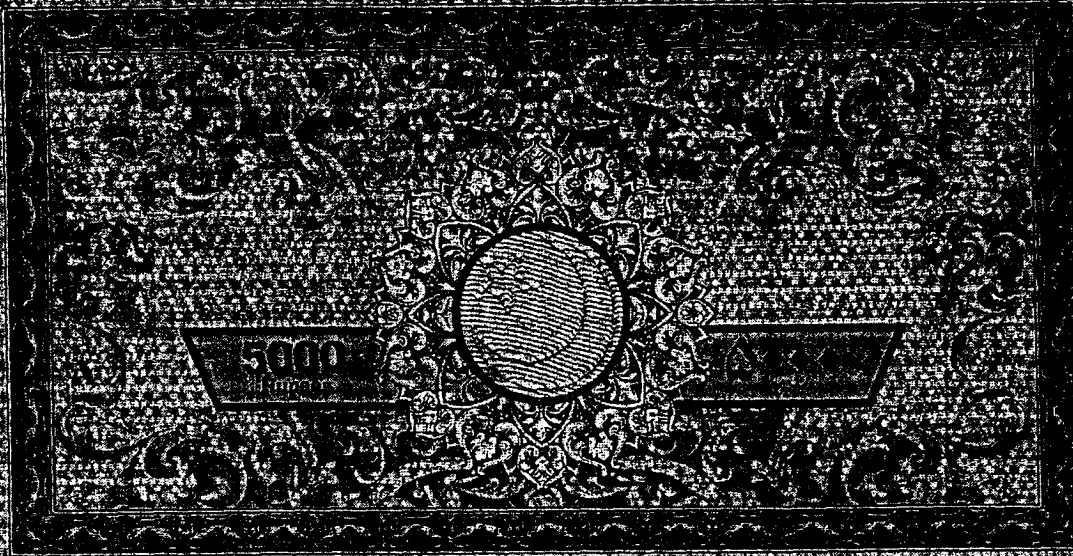
RESOLVED THAT a General Power of Attorney as per draft set out in Appendix "A" be and is hereby given to Syed Moonis Abdullah Alvi, CEO, K-Electric and any two (2) Directors of the Company be and are hereby jointly authorized to sign, on behalf of the Board of Directors, the General Power of Attorney for Syed Moonis Abdullah Alvi and affix common seal of the Company on the instrument.

Muhammad Rizwan Dalia
Company Secretary

MUHAMMAD RIZWAN DALIA
Company Secretary
K-ELECTRIC LIMITED

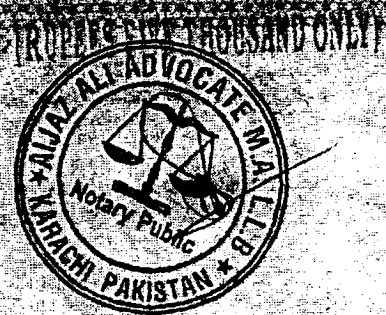
ANNEXURE C

254887



STAMP OFFICE CITY COURT KARACHI

Issued to K. Electric
 CNIC/LEG No. 42101-6298941-9
 Vide D.S.R. No. 02 Dt 11-6-18
 On behalf of Challan No. 11 Dt 11-6-18
 for the purpose of AM
 Entry No. 02 Dt 11-6-18



GENERAL POWER OF ATTORNEY

TO ALL TO WHOM these presents shall come, K-ELECTRIC LIMITED (KE), having its registered office at KE House, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi (hereinafter called the "Company") send greetings.

WHEREAS the Company was incorporated under the Companies Act 1882 as a company limited by shares and continues to operate as such under the Companies Act, 2017.

AND WHEREAS by virtue of the powers conferred upon them by Article 77 of the Company's Articles of Association, the Board of Directors of the Company have passed the resolution dated 07 June 2018 and entrusted to and conferred upon Syed Moonis Abdullah Alvi, the Chief Executive Officer of the Company, the following powers which shall be exercisable by him from the date that a Power of Attorney enumerating the same is executed in his favor by any two (2) Directors of the Company.

NOW THESE PRESENTS WITNESS THAT Syed Moonis Abdullah Alvi son of Syed Riazuddin Alvi CNIC # 42201-6886191-3, the Chief Executive Officer of the Company, is hereby appointed Attorney of the Company to act in the name and on behalf of the Company to do and perform the following acts and things only:

- 1) To purchase, sell, endorse, transfer, negotiate, encash, receive interest or otherwise deal in securities of all kinds including Government of Pakistan securities and securities of the Provincial Governments of Pakistan;
- 2) To sign all registers, reports and returns and others documents as may be required by law to be signed or filed with any Federal, Provincial or Local Governmental authority including but not limited to the Securities and Exchange Commission of Pakistan, Stock Exchanges, Registrar Joint Stock Companies, State Bank of Pakistan and Income Tax, Customs and other authorities;

[Signature]

[Signature]

- 3) To sign all acceptances and endorsements on bills of exchanges, hundies, securities and cheques drawn on behalf of the Company and to receive the amount of bills, hundies, securities and cheques and to give receipts and discharge for the same and to sign all documents drawn on or by the Company to which the signature of the Company as agents is required.
- 4) To sign for and on behalf of the Company all documents, assurances, deeds and matters of things in or about the business of the Company as fully and effectively as the Company could do if personally present, to present such documents and deeds to the registering authority and admit execution thereof.
- 5) To process certificates of shares of the Company and to sign all papers relating to the shares including temporary receipts thereon.
- 6) To process Dividend Warrants and their revalidation.
- 7) To authenticate and or cancel the registration of Debentures.
- 8) To sign all correspondence that may be necessary in the ordinary course of the business of the Company.
- 9) To sign all deeds of sale, purchase, lease, mortgage, redemption, re-conveyance and present them before the registering authority and admit execution thereof.
- 10) To execute all bonds, deeds and documents and give such security as may be required now or at any future time by the Government of Pakistan or by any person, corporate body, company or firm to enable the company to carry on its business.
- 11) To appoint and authorize any officer of the Company as his agent or agents to admit execution of deeds and documents of whatsoever nature before the registering authority and to revoke such appointment or appointments.
- 12) To sign, execute, determine or terminate and negotiate terms and conditions thereof agreements/appointment for employment and training with employees and trainees, in line with requirements of the Companies Act 2017 and Code of Corporate Governance Regulations 2017 as applicable.
- 13) To sign for and on behalf of the Company all documents, agreements, contracts, assurances, deeds, matters of things in or about the business of the Company as fully and effectively as the Company could do personally and to present such documents, agreements, contracts, assurances, deeds, matters of things to the registering authorities and appear before such authorities and admit execution thereof and to do all such other things and acts that may be necessary for registration.
- 14) To make and sign applications to appropriate Federal, Provincial or Local Government departments, authorities or other competent authority for all and any licenses, filing of any and all applications/petitions with NEPRA which include Licensee Proposed Modifications (LPMs) and others, permissions and consents required by any order, statutory instrument, regulation, byelaw or otherwise in connection with the business, management and affairs of the Company.
- 15) To obtain securities from any person, corporate body, company or firm for the due performance of any contract in respect of rendering any service or supplying any material to the Company and to accept the same on such terms as may be deemed proper or expedient by the Attorney;
- 16) To realize debts due to the Company and to receive any money due to the Company from any person, corporate body, company or firm and to grant receipts and discharges for the same;
- 17) To make payments to any person, corporate body, company or firm for any service rendered to the Company and for such other purposes of the Company and for carrying on of the Company's business and to sign and deliver all receipts, charges and drafts on the bank and other accounts of the Company or on the customers of the Company and to endorse all bills and bills of



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exchange received by the Company which may be necessary or expedient to be endorsed or given for the purpose of carrying on the business of the Company.



- 18) To represent the Company before any Board of two Federal, Provincial or Local Government authority or any other authority in all matters concerning the business of the Company.
- 19) To commence, institute, prosecute and to defend, compound and abandon all actions, suits, petitions, appeals, claims and demands by or against the Company or in relation to the business or property of the Company or otherwise and for such purpose to sign, verify and present any document, file, dispute, complaint, writ, affidavit, petition or other instrument in writing and to object and make statements for and on behalf of the Company and to appoint and remunerate any barrister, solicitor, advocate, pleader, valuer, auctioneer, or any other professional or any other person, accountant, valuer or surveyors for the said purpose and to obtain legal advice on behalf of the Company on any matter, contentious or otherwise, affecting the Company.
- 20) To write off amounts as approved by the Board of Directors arising as a result of collection, cancellation / adjustment of electricity bill in the normal course of business of the Company. To approve formula for write-offs, adjustments and settlement of electricity bills based on prudent business practices / judgement and within the policy framework approved by the Board of Directors. To sub-delegate such of the powers as he deems fit to the concerned executives / officers of the Company, to fix authority limits thereon and to revoke the same at his discretion.
- 21) To obtain refund of stamp duty or repayment of court fees.
- 22) To appear and act in the offices of the District Registrar and Sub-Registrar of Deeds and Assurances for registration of documents and in any other office of the Federal, Provincial and local Government, including without prejudice to the generality of the foregoing City District Government, Karachi, any Union Council, District Council, Cantonment Board, Municipal Corporation, any Co-operative Society, State Bank of Pakistan, Collection of Customs, Excise & Taxation Offices and the Chief Controller of Imports and Exports in all matters concerning the business or property of the Company.
- 23) To file and receive back documents, to deposit and withdraw money and to plan receipt therefor.
- 24) To negotiate and to enter into and complete contracts with any person, corporate body, company or firm for the lease or purchase of any lands and buildings and to alter, repair, add to and improve any building or structure and to let or sub-let any immovable property held by the Company and to submit plans of buildings relating to the Company's properties or lands on the Company's behalf before any competent authority and to obtain receipts therefor.
- 25) To use, sign and attest the name and style of the Company in any transaction, deed, document or instrument of title on all such occasions as may be necessary or expedient for conducting the business of the Company or for the due and proper management of the lands and buildings leased or purchased or to be leased or purchased by the company and to execute and sign all such deeds and documents as may be required or proper for or in relation to all or any of the matters or purposes aforesaid.
- 26) To delegate to any person such of the powers as he deems fit and revoke the same at his discretion.
- 27) Generally to do all other acts and things incidental to the exercise of the aforesaid powers; and
- 28) The Company hereby agrees to ratify and confirm all and whatever the said Attorney shall lawfully do or cause to be done by virtue of this Power of Attorney.

The Power of Attorney executed in favor of Mr. Muhammad Asghar Ali in relation to the solution of the Road and Bridge, passed on 27 November 1998, is hereby read as: The Power of Attorney will be valid till the time specified in the said document in relation to the Road and Bridge.

IN WITNESS WHEREOF the Common Seal of the Company is placed, and the above is signed on the 12th day of June 2010 by the undersigned Director of the Company in presence of the witnesses and the said Power of Attorney is hereby placed in the hands of the Director of the Company.

Signature of Syed Mubashir Abdullah Ali
Director

THE COMMON SEAL OF
THE COMPANY IS PLACED
HEREIN



Director

Director

WITNESSES



WITNESS
SALGOL 157453807



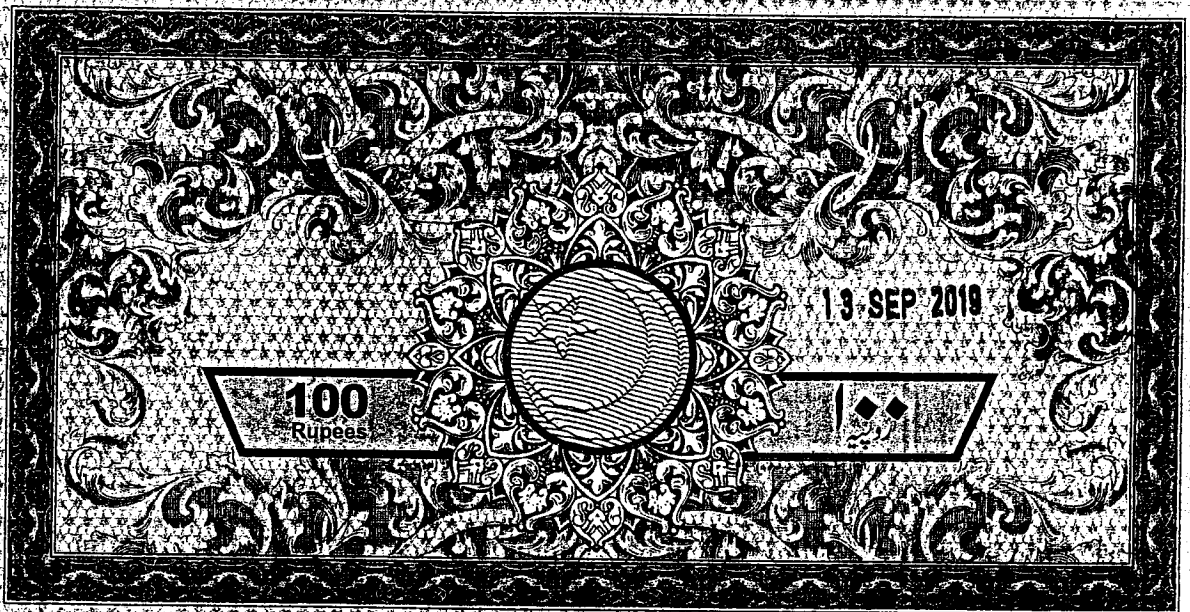
WITNESS
SALGOL 157453807



ATTESTED
ALIAZALI ADVOCATE & SONS
Advocate & Notary
Public Karachi

12 JUN 2010

ANNEXURE D



AZAM ALAM STAMP VENDER Licence No. 53
G-7, Spanish Homes, Phase-1, D.H.A. Karachi
S. No. 100 Date 13 SEP 2019
Issued for With M. Ramzan Gillani
Through With Address (MA, LLB & FCM)
Purpose Advocate High Court
Value Rs. HC-11629
Stamp Vendor Signature Attached
NHT WALKER FMD HMD HMD FREE WILL

13 SEP 2019

100 RUPEES ONE HUNDRED ONLY



Motion For Review filed by K-Electric Limited (KEL) Against the Determination of NEPRA dated December 10, 2019 In Accordance With Regulation 3 (2) of the NEPRA (Review Procedures) Regulations, 2009 In The Matter of Application of Grid Edge (Private) Limited for Grant of the Generation License

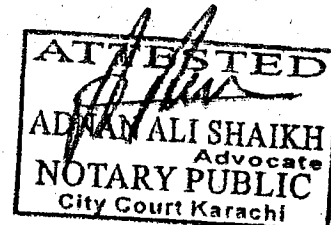
AFFIDAVIT

I, Ayaz Jaffar Ahmed s/o Jaffar Ahmed, having CNIC # 42000-5311358-3, Muslim, adult, resident of Flat No. 306, Barkati Mahel, Jamshed Road No.3, Karachi, Director Finance and Regulations – KE, do hereby solemnly affirm and declare as under:

1. That I am the applicant in the subject matter and well conversant with the facts of the case.
2. That the accompanying application has been filed under my instructions, the facts mentioned therein are true and correct and the contents of the application whereof may kindly be read and treated as part of the Affidavit, for the sake of brevity.
3. That, I am authorized to sign and file this review petition with NEPRA such other deeds, documents, instruments, etc. and take all necessary actions incidental and related to this review petition and appear before the Authority for and behalf of the Company
4. That it would be in the larger interest of justice that the accompanying application is granted as prayed.
5. That whatever stated above is true and correct to the best of my knowledge and belief.

Dated: January 6, 2020

Deponent



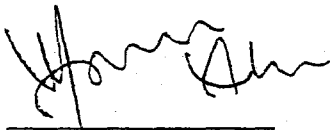
ANNEXURE E

Dated: January 3, 2020

AUTHORITY LETTER

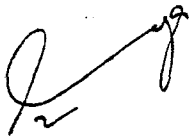
I, Syed Moonis Abdullah Alvi, s/o Syed Riazuddin Alvi, Chief Executive Officer (CEO) of the K-Electric Limited, is authorized by the Board of Directors (BOD) of the Company by virtue of Clause 26 of the General Power of Attorney dated 11th June 2018 (attached), which empowers me to nominate any officer of the Company, as I deem fit, to sign and file review petition with National Electric Power Regulatory Authority (NEPRA) and such other deeds, documents, instruments, etc. and take all necessary actions incidental and related to review petition and appear before the Authority and admit execution thereof for and behalf of the Company.

Now, therefore, in exercise of powers vested in me by the BOD of the Company, I, hereby authorize Ayaz Jaffar Ahmed s/o Jaffar Ahmed, having CNIC # 42000-5311358-3, Muslim, Adult, Resident of Flat No. 306, Barkati Mahel, Jamshed Road No.3, Karachi, Director-Finance and Regulations, KE to sign and file review petition with NEPRA against the Determination of NEPRA dated December 10, 2019 in the matter of Application of Grid Edge (Private) Limited for Grant of the Generation License along with such other deeds, documents, instruments, etc. and take all necessary actions incidental and related to review petition and appear before the Authority for and behalf of the Company.



Syed Moonis Abdullah Alvi
Chief Executive Officer
K-Electric Limited

Authorized Person:



Ayaz Jaffar Ahmed
Director Finance and Regulations
K-Electric Limited



MUHAMMAD RIZWAN DALIA
Company Secretary
K-ELECTRIC LIMITED



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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

Registrar

No. NEPRA/R/DL/LAG-437/26782-988

December 10, 2019

Mr. Mujtaba Haider Khan,
Chief Executive Officer,
Grid Edge (Private) Limited,
3rd Floor, Dawood Centre, MT Khan Road,
Karachi.
Contact No. 021-35632200

F/B

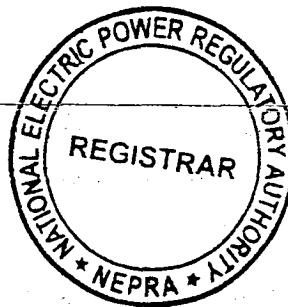
Subject: **Grant of Generation Licence No. SGC/130/2019**
Licence Application No. LAG-437
Grid Edge (Private) Limited (GEPL)

Reference: *GEPL's application vide letter dated September 09, 2018 (received on September 14, 2018)*

Enclosed please find herewith Generation Licence No. SGC/130/2019 granted by National Electric Power Regulatory Authority (NEPRA) to Grid Edge (Private) Limited (GEPL) for its 02.00 MW Solar Power Plant located at Procter & Gamble (Private) Limited, Eastern Zone Bin Qasim Town, Karachi, in the Sindh, pursuant to Section 14B of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997/Amendment Act, 2018. Further, the determination of the Authority in the subject matter is also attached.

2. Please quote above mentioned Generation Licence No. for future correspondence.

Enclosure: **Generation Licence**
(SGC/130/2019)



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Muz
10 12 19
(Syed Safeer Hussain)

Copy to:

1. Secretary, Ministry of Energy (Power Division), A-Block, Pak Secretariat, Islamabad.
2. Chief Executive Officer, Alternative Energy Development Board (AEDB), 2nd Floor, OPF Building, G-5/2, Islamabad
3. Chief Executive Officer, NTDC, 414-WAPDA House, Lahore.
4. Chief Executive Officer, CPPA-G, ENERCON Building, Sector G-5/2, Islamabad.
5. Chief Executive Officer, K Electric (KEL), KE House, 39 B, Main Sunset Boulevard, DHA, Phase-II, Karachi
6. Director General, Environment Protection Department, Government of Sindh, Complex Plot No. ST-2/1, Korangi Industrial Area, Karachi.

National Electric Power Regulatory Authority
(NEPRA)

Determination of the Authority
in the Matter of Application of Grid Edge (Private) Limited
for Grant of the Generation Licence

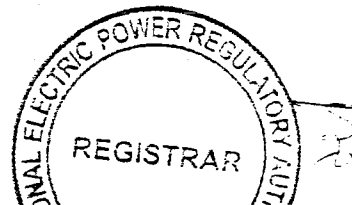
December 10, 2019
Case No. LAG-437

(A). Filing of Application

(i). Grid Edge (Private) Limited (GEPL) submitted an application on September 14, 2018 for the grant of generation licence in terms of Section-14B of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act") read with the relevant provisions of the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999 (the "Licensing Regulations").

(ii). The above application envisaged setting up an approximately 2.00 MW Photo Voltaic (PV) based generation facility/Solar Power Plant/Solar Farm within the premises of Procter and Gamble Pakistan (Private) Limited (P&G), located at Eastern Zone Bin Qasim Town, Karachi, in the province of Sindh and supplying the generated electric power to P&G as a Bulk Power Consumer (BPC).

(iii). The Registrar examined the submitted application and found the same was deficient in terms of the Licensing Regulations. Accordingly, the Registrar directed GEPL for submitting the missing information/documents as required under the said regulations. GEPL completed the submission of missing information/documentation by October 16, 2018. The Authority considered the matter and found the form and content of the application in substantial compliance with Regulation-3 of the Licensing Regulations. Accordingly, the Authority admitted the application on December 10, 2018 for consideration of the



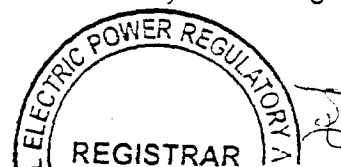
grant of the generation licence as stipulated in Regulation-7 of the Licensing Regulations. The Authority also approved an advertisement to invite comments of general public, interested and affected persons in the matter as stipulated in Regulation-8 of the Licensing Regulations. Subsequently, notices were published in one (01) Urdu and one (01) English newspaper on December 12, 2018.

(iv). In addition to the above, the Authority approved a list of stakeholders seeking their comments for its assistance in the matter in terms of Regulation-9(2) of the Licensing Regulations. Accordingly, letters were sent to different stakeholders as per the approved list on December 12, 2018, soliciting their comments for assistance of the Authority.

(B). Comments of Stakeholders

(i). In reply to the above, the Authority received comments from three (03) different stakeholders. These included K-Electric Limited (KEL), Alternative Energy Development Board (AEDB) and Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). The salient points of the comments offered by the said stakeholder are summarized below: -

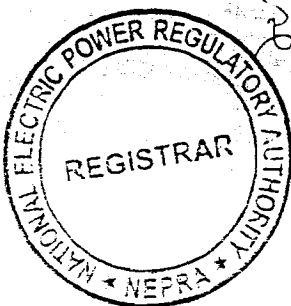
- (a). KEL objected to the grant of generation licence to GEPL on the premise that the geographical location of the proposed service area of GEPL is Port Qasim, Karachi which falls entirely within its exclusive Service Territory pursuant to Articles-3 & 7 of its Distribution License No. 09/DL/2003 dated July 21, 2003. Therefore, no other entity can distribute/make sale of electric power in the Service Territory of KEL and hence the application of GEPL is ineligible, void ab-initio and cannot be admitted/processed. Further, no generation licence can be granted without holding a public hearing in the matter, otherwise it would be in violation of rights of KEL for which rights are reserved to impugn the same. Furthermore, KEL has already challenged the



Authority Proposed Modification (APM) initiated to do away with its exclusivity, in the Honorable High Court of Sindh and the Honorable Court vide its order dated December 11, 2018 has suspended the operation of the impugned letter and therefore any further proceedings attempting to modify or change the Distribution License of KEL shall amount to violation of the said Order of the Honorable High Court of Sindh. The proceedings regarding grant of generation licence to GEPL (along with permission to sell power) will be in violation of the order of the Honorable Court as such permission to sell cannot be granted without modification of exclusive Distribution License of KEL. Therefore, the Authority cannot separately through the award of Generation License allow GEPL to make sales of electricity to consumers within the exclusive Service Territory of KEL. Besides, KEL requested the Authority to reject the application of and not to allow GEPL to engage in the sales of electricity within the exclusive service territory of KEL. Otherwise, KEL reserves the right to impugn any such proceedings before the appropriate judicial forum;

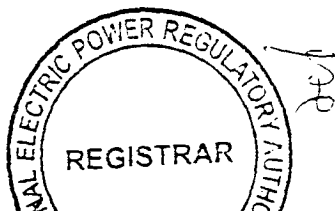
(b). AEDB in its comments supported the grant of generation licence to GEPL; and

(c). CPPA-G stated that the grant of generation licence to the subject project is subject to the fulfillment of the prerequisites provided under the applicable legal and regulatory framework. This includes, *inter alia*, the formulation of the demand forecasting Indicative Generation Capacity Expansion Plan (IGCEP), the approval of the Acquisition Program and subsequent procurement pursuant to the specified policy framework/security package. Regarding the



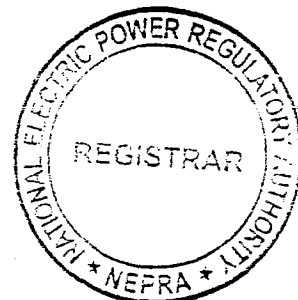
grant of a generation licence by Authority under Regulation-3(3) of the NEPRA Interim Power Procurement Regulations, 2005 (IPPR-2005), the IPPR-2005, *inter alia*, states that the power acquisition to be filed by or on behalf of distribution company shall provide information in respect of "the particular distribution company's demand which is going to be met through the proposed procurement". Subsequent thereto, CPPA-G will be required to issue Power Acquisition Request (PAR) which requires due consideration of the demand against which the procurement is to take place. It is pertinent to add here that NEPRA, in the State of Industry Report, 2017 (SIR-2017) has provided the power balance for the NTDC system for each year up to the year 2025. It is evident that the procurement of power in each year, without rationalization with the demand projections, will yield a surplus of power by the year 2025 which carries significant financial implications for the end consumer. Furthermore, it is pertinent to mention that all future renewable energy will come through competitive bidding and Grid Code Review Panel (GCRP) has strongly recommended the share of 5% of the total installed capacity for solar power generation, to NEPRA. Additionally, it must be noted that the project sponsor has not identified any primary power purchaser but has, instead, stated that it intends to sell the "surplus" power generated from its generation facility to Procter and Gamble Pakistan (Private) Limited (P&G) for its factory located at Port Qasim, Karachi.

(ii). The Authority considered the above comments of the stakeholders and in view of the observations raised by KEL and CPPA-G, considered it appropriate seeking the perspective of GEPL in the matter. On the observations



of KEL, the company/GEPL submitted that the main contention of KEL is that it has an "exclusive" licence therefore, no other entity can make sale of electricity. It may be noted that GEPL has not applied for a distribution licence therefore, the objection of KEL is baseless and without merit. The application is for a generation licence and for an authorization for supplying to a Bulk Power Consumer (BPC) for which KEL does not possess any such privilege. GEPL clarified that the proposed Photo Voltaic (PV) based generation facility will be set up on a private property and will be connected by laying feeder/underground cable directly connecting the BPC. Further, the said feeder/underground cable will be operated by the BPC and the arrangement does not fall within the purview of distribution. In terms of the NEPRA Licensing (Generation) Rules, 2000 (the "Generation Rules"), it is prerogative of the Authority to hold a public hearing or not. The facts about the application had already been published in the press which gave the stakeholders the opportunity to provide their comments and through its submissions, KEL has provided its comments. As KEL has submitted its comments therefore, the assertions that its rights have been violated is not true. About the APM to do away with the exclusivity, GEPL is not party to such any proceedings and therefore, no comments can be offered.

(iii). On the observations of CPPA-G, it was clarified that GEPL does not intend to sell power to any distribution company and is seeking the Generation Licence to sell energy through onsite installation at the site of P&G/BPC through a cable/feeder on its own private property. The comments of CPPA-G seems to arise from confusion regarding the application however, the arrangement envisaged is a B2B customer without the involvement of any government department/function and the private market is already based on competitiveness owing to its very nature. There is only one off-taker i.e. P&G which will consume all the electric power generated, hence there will be no surplus power nor is there any intention to sell surplus power to any other party, therefore, the observations of CPPAG are not relevant.



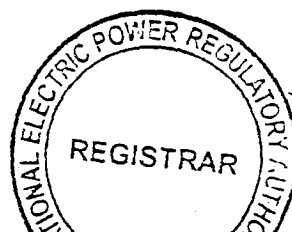
(iv). The Authority considered the above submissions of GEPL and considered it appropriate to proceed further in the matter of the application of GEPL for the consideration of grant of Generation Licence as stipulated in the Licensing Regulations and the Generation Rules.

(C). Evaluations/Findings

(i). The Authority examined the submissions of GEPL including the information provided with its application for the grant of Generation Licence, the comments of the stakeholders, rejoinder submitted by GEPL, the relevant rules & regulations in the matter.

(ii). The Authority has observed that the applicant i.e. GEPL is an entity incorporated under Section 16 of the Companies Act, 2017 (XIX of 2017), having Corporate Universal Identification No. 0122474, dated August 08, 2018 complying with the provisions of Section-24 of the NEPRA Act. Further, it has also been observed that GEPL is a private limited company with the principal line of business to generate, accumulate, transmit, distribute, purchase, sell and supply electric power or any other energy and power generated by any source i.e. conventional or non-conventional resources.

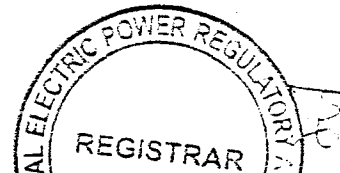
(iii). The Authority has duly considered the provisions of the Memorandum of Association and Articles of Association of the company and has observed that the applicant company i.e. GEPL has been incorporated jointly by Reon Energy Limited (REL) and ENI International B.V. (ENIIBV) having equity contribution in the proportion of 60:40 specifically to operate in the Renewable Energy (RE) Sector of Pakistan. REL is a wholly owned subsidiary of Dawood Lawrencepur limited which is RE arm of Dawood Group looking after the solar energy business for the Group. REL is the largest solar national leading EPC (Engineering, Procurement and Construction) solution providers in Pakistan. These solutions include designing of system, procurement of material from



distinct manufacturers and construction of complete PV System (on-grid and hybrid) to deliver cost effective & trustworthy solutions.

(iv). REL has delivered projects at various locations for different industrial consumers having sizing of 1.00 MW and above including Service Industries, Kohinoor Textiles and Nobel Energy- a part of the Wah Nobel Group. REL with an installed distributed captive capacity of over 10.00MW in the Chemical & Industrial sector with further 15.00 MW underway, is now recognized as the leader in high quality installations whilst providing customers with clean energy and minimizing their energy price risk. The company has successfully obtained ISO 14001 Certification. As explained above, the other equity holder of the applicant company is ENIIBV which is a company of Eni S.p.A. (ENI) is the ultimate shareholder of ENIIBV. It has been noted that ENI is one of the world's largest integrated energy company, operating in more than seventy (70) countries worldwide and employing around 33,000 employees. It has also been noted that as of March 31, 2018, the market capitalization of the parent company was calculated at US \$ 64.00 billion. In terms of the said revenue, the parent company has been consistently ranked among the top 150 companies in the Fortune Global 500 list. ENI is not only engaged in oil and natural gas exploration, field development and production, but also in the supply, trading and shipping of natural gas, LNG, electricity and fuels, and operates across the entire energy chain (including Renewable Energy). ENI places about 25 TWh of production on the Italian market each year with bilateral sales and sales in the energy market. ENI is the second largest producer of electricity in Italy with a share of 9% of Italian electricity production. ENI is working closely with all the stakeholders towards improving access to energy in the countries where it operates and making maximum effort to reduce direct emissions of CO₂.

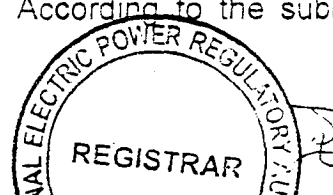
(v). The Authority has observed that ENI has identified different RE projects, both solar and wind in countries of strategic interest where it already operates in Italy as well as abroad. In Italy, ENI has around thirteen (13) PV plants in operation of a total capacity 35.00MW and other RE projects under



development and construction for about additional 60.00 MW. Abroad, ENI is developing a 50MW wind project in Kazakhstan, currently in construction phase, and a 10.00 MW solar project in Algeria that achieved start up in 2018. In order to further strengthen the presence of ENI, a number of cooperation/framework agreements have been executed in Australia, Ghana, Angola, Algeria, Tunisia and Egypt which will expand the sphere of activities in the field of RE. In consideration of the said, the Authority considers that the sponsors have very strong technical and financial capabilities to develop RE projects based on solar and wind.

(vi). The Authority has observed that GEPL carried out a feasibility study of the project including, *inter alia*, proposed equipment for the PV generation facility/solar power plant/solar farm, soil tests reports, technical details pertaining to selection of PV solar panels, inverter and other allied equipment, environmental study and project financing etc. According to the feasibility study, the project company/GEPL will be setting up a PV based generation facility/solar power plant/solar farm to the tune of 2.00 MW_p to be located at Eastern Zone Bin Qasim Town, Karachi in the province of Sindh. In this regard, the proposed generation facility/solar power plant/ solar farm will be requiring about 7.00 acres of land which will be provided by the P&G under the project implementation arrangement entered with GEPL.

(vii). As explained above, the company i.e. GEPL pursuing a generation Licence, has been incorporated to operate in the RE sector of the country and first project being undertaken is setting up a PV solar based generation facility of 2.00 MW_p for providing the generated electricity to the P&G. It is observed that currently P&G is a consumer of KEL however, with the setting up of the proposed PV based generation facility, it will be supplied partially through solar based electric power. The proposed arrangement will result in reduction in the consumption from the utility which will result in lowering the cost of production. Also the proposed arrangement will result in reducing emissions of CO₂ to the atmosphere thus benefitting to the environment. According to the submitted



information, the total cost of the project will be approximately PKR 168.129 Million. Out of which 75% (PKR 126.097 Million) will be the debt and 25% (PKR 42.032 Million) will be equity. The debt portion of the project will be arranged through local financing for which a number of banks (MCB and JS Bank) have shown their interest.

(viii). The Authority has observed that the sponsors have carried out a feasibility study of the project including, *inter alia*, selection of the PV solar panels for the proposed generation facility and other allied equipment, project layout arrangement, power production estimates based on solar irradiation data of the project site, etc. The review of the feasibility study reveals that for the proposed approximately 2.00 MWp generation facility/solar power plant/ solar farm the company will be installing 6060 PV cells each of 330 Watt. In consideration of the said, the project company/GEPL has submitted that PV cells/panels of Golden Concord Group (GCL) China have been selected for the project.

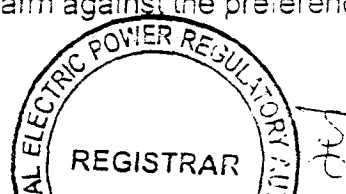
(ix). It is pertinent to mention that GCL is an international energy conglomerate specializing in clean and sustainable energy. The Group, founded in 1990, now employs 30,000 people worldwide with business footprints across 31 provinces, municipalities and autonomous regions of mainland China, Hong Kong, Taiwan, as well as Africa, North America, Southeast Asia and Europe. GCL was ranked third in the world's new energy Top 500 in the year 2017. Currently, GCL has operations all over the world and has five module production bases in mainland China and one in Vietnam, with production capacity of 6.00GW, and an additional 2.00 GW of high-efficiency battery capacity, making it a world-class module producer. GCL offers a wide range of high-quality products for a variety of application environments, including modules of standard 60/72-piece, dual-glass, high-efficiency polysilicon PERC, and half-cell etc. All products underwent the most rigorous quality inspection and testing. GCL S.I. is rated as a global first-tier module supplier by Bloomberg ranking among the top six globally for three consecutive years. With a vertically integrated value chain operation, GCL has proven track record of capability and expertise in delivering state-of-the-art solar



package solutions incorporating Design-Product-Service. The selected PV cells and other allied equipment will result in capacity factor of about 17.90% supplying more than 3.17 million units (kWh) annually of green and energy to P&G.

(x). As explained above, GEPL will be supplying the generated electric power from its proposed PV based generation facility/solar power plant/solar farm only to P&G as Bulk Power Consumer (BPC) as stipulated in Section-22 of the NEPRA Act. According to the system study of the project, the dispersal to the BPC will be made at 11 kV voltage through underground cables/feeders located on private property owned by the BPC itself without involving any public or third party. It is confirmed that GEPL has completed the Initial Environmental Examination (IEE) for the project and Environmental Protection Agency, Government of Sindh (EPAGoS), has also issued the No Objection Certificate (NOC) for the project.

(xi). The grant of a generation licence is governed by the provisions of Rule-3 of the Generation Rules. The Authority has observed that GEPL has provided the details of the proposed generation facility about (a). location; (b). size; (c). technology; (d). interconnection arrangement; (e). technical limits; (f). technical functional specification and (g). other specific/relevant details as stipulated in Rule-3 (1) of the Generation Rules. According to the Rule-3(5) of the Generation Rules, the Authority may refuse to issue a generation licence where the site, technology, design, fuel, tariff or other relevant matters pertaining to the ~~proposed generation facility/solar power plant/ solar farm proposed in an~~ application for a generation licence are either not suitable on environmental grounds or do not satisfy the least cost option criteria. In this regard, the Rule-3(5) of the Generation Rules stipulates the conditions pertaining to Least Cost Option Criteria which includes (a). sustainable development or optimum utilization of the RE or non-RE resources proposed for generation of electric power; (b). the availability of indigenous fuel and other resources; (c). the comparative costs of the construction, operation and maintenance of the proposed generation facility/solar power plant/ solar farm against the preferences

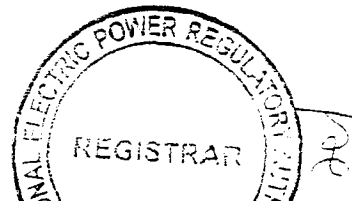


indicated by the Authority; (d). the cost and right-of-way considerations related to the provision of transmission and interconnection facilities; (e). the constraints on the transmission system likely to result from the proposed generation facility/generation facility/solar power plant/solar farm and the costs of the transmission system expansion required to remove such constraints; (f). the short-term and the long-term forecasts for additional capacity requirements; (g). the tariff resulting or likely to result from the construction or operation of the proposed generation facility/solar power plant/solar farm; and (h). the optimum utilization of various sites in the context of both the short-term and the long-term requirements of the electric power industry as a whole.

(xii). In view of the above, the Authority considers that the proposed project will result in optimum utilization of the RE which was earlier untapped, resulting in pollution free electric power. It is pertinent to mention that solar is an indigenous resource and such resources should be given preference for the energy security. As explained in the preceding paragraphs above, the company will be supplying electric power to a BPC directly which only involve laying a feeder measuring about 200 meter in length, this concludes that the project will not face any constraints in transmission of electric power. Further, being located in the same vicinity as that of the BPC, the project will not result in cost and right-of-way issue for the provision of interconnection facilities. In view of the said, the Authority considers that the project of GEPL fulfills the eligibility criteria for grant of generation licence as stipulated in the NEPRA Act, rules and regulations and other applicable documents.

(D). Grant of Licence

(i). The Authority considers that sustainable and affordable energy/electricity is a key prerequisite for socio-economic development of any country. In fact, the economic growth of any country is directly linked with the availability of safe, secure, reliable and cheaper supply of energy/electricity. In view of the said, the Authority is of the considered opinion that for sustainable

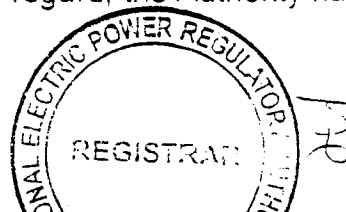


development, all indigenous power generation resources especially RE must be developed on priority basis.

(ii). The Authority observes that the existing energy mix of the country is heavily skewed towards the thermal power plants, mainly operating on imported fossil fuels. The continuous import of fossil fuels not only creates pressure on the precious foreign exchange reserves of the country but is also an environmental concern. Therefore, in order to achieve sustainable development, it is imperative that indigenous RE resources are given priority for power generation and their development is encouraged. The Authority is really encouraged to observe that with each passing day, the cost of RE technologies is showing downward trend making the same affordable for commercial use. The Authority is also encouraged to observe that the Govt. of Pakistan is planning to enhance the share of RE from its current level of 5% of the Installed capacity to 30% of the total installed capacity by 2030. Furthermore, a number of initiatives are also being undertaken in the private sector in this regard.

(iii). The Authority has observed that in the current case, GEPL has approached for the grant of a Generation Licence for setting up a PV based generation facility of 2.00 MW_p for supplying to P&G as a BPC which is currently being supplied by KEL. The Authority considers that the above proposal of GEPL is in line with the provisions of the NEPRA Act, relevant rules and regulations framed thereunder and vision of the Govt. of Pakistan to enhance the contribution of RE in generation of electric power. The project will not only help GEPL in diversifying its portfolio but will also enhance its energy security. Further, the project will also help in reducing the carbon emission by generating clean electricity, thus improving the environment.

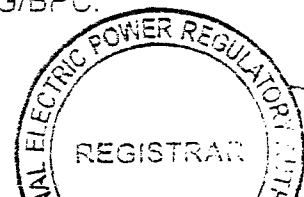
(iv). As explained above, GEPL has provided the details of location, technology, size, net capacity/energy yield, interconnection arrangements, technical details and other related information for the proposed PV based generation facility/solar power plant/ solar farm. In this regard, the Authority has



observed that sponsors of the project have acquired/available with them approximately seven (07) acres of land for setting up the generation facility/solar power plant/solar farm. The said details are being incorporated in the generation licence. In this regard, the Authority directs GEPL to utilize the aforementioned land for the exclusive purpose of setting up the proposed generation facility/solar power plant/solar farm and not to change its use except with its prior approval.

(v). The Authority has observed that proposed generation facility/solar power plant/ solar farm of GEPL will be used for supplying to P&G as a BPC. According to Section-2(ii) of the NEPRA Act, a consumer which purchases or receives electric power at one premises, in an amount of one megawatt or more or in such amount and voltage level and with such characteristics as the Authority may determine/specify is treated as BPC. In view of said explanation, the Authority considers that P&G qualifies to be considered as BPC under the NEPRA Act and accordingly the Authority declares P&G a BPC of GEPL.

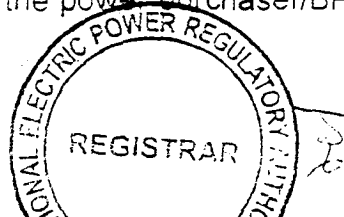
(vi). Regarding supply to the BPC, the Authority observes that both P&G/BPC and GEPL are located within the same premises. Further, BPC will be supplied through one (01) underground cable/feeder of 11 kV voltage (measuring about 100-200 meters) not involving any public or third party property. Pursuant to proviso to Section-21 of the NEPRA Act, the Authority is empowered to allow a generation company to sell electric power to a BPC located in the service territory of a distribution company. In view of the said, the Authority allows the GEPL to sell electricity to P&G. Further, under Section-2(v) of the NEPRA Act, 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". Based on the said considerations that the proposed BPC in the name of P&G is located within the same premises and no public area is involved, the supply of power to P&G by GEPL does not constitute a distribution activity under the NEPRA Act. and GEPL will not require a distribution licence for supplying to P&G/BPC.



(vii). The term of a generation licence under Rule-5(1) of the Generation Rules is required to match with the maximum expected useful life of the units comprised in a generating facility. According to the information provided by GEPL, the COD of the proposed generation facility/solar power plant/ solar farm will be June 30, 2020 and it will have a useful life of around twenty five (25) years from its COD. In this regard, GEPL has requested that the term of the proposed generation licence may be fixed as per the said useful life of generation facility/solar power plant/ solar farm. The Authority considers that said submission of GEPL about the useful life of the generation facility/solar power plant/ solar farm and the subsequent request of GEPL to fix the term of the generation licence is consistent with international benchmarks; therefore, the Authority fixes the term of the generation licence to twenty five (25) years from COD of the project.

(viii). Regarding compliance with the environmental standards as stated above, GEPL has obtained the NOC from EPAGoS and has confirmed that project will comply with the required standards during the term of the generation licence. In view of the importance of the issue, the Authority has decided to include a separate article in the generation licence along with other terms and conditions making it obligatory for GEPL to comply with relevant environmental standards at all times. Further, the Authority directs GEPL to submit a report on a bi-annual basis, confirming that operation of its generation facility/solar power plant/ solar farm is in compliance with the required environmental standards as prescribed by the concerned environmental protection agency

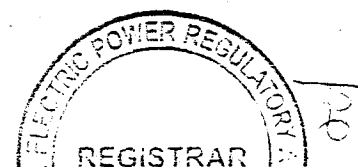
(ix). The proposed generation facility/solar power plant/ solar farm of GEPL will be using RE resource for generation of electric power. Therefore, the project may qualify for the carbon credits under the Kyoto Protocol. Under the said protocol, projects coming into operation up to the year 2020 can qualify for the carbon credits. GEPL has informed that the project will achieve COD by June 30, 2025 which is within the deadline of the Kyoto Protocol. In view of the said, a specific article for carbon credits and its sharing with the power purchaser/BPC



has been included in the generation licence. Foregoing in view, the Authority directs GEPL to initiate the process in this regard at the earliest so that proceeds for the carbon credits are materialized. GEPL will be required to share the proceeds of the carbon credits with the power purchaser/BPC as stipulated in the generation licence.

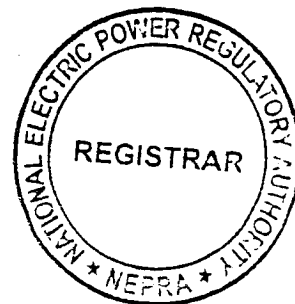
(x). Regarding the rates, charges and terms and conditions of tariff between GEPL and P&G, it is reiterated that under Section-7(3)(a) of the NEPRA Act, determining tariff, rate and charges etc. is the sole prerogative of the Authority. However, the Authority observes that tariff between GEPL and its BPC (i.e. P&G), does not affect any other consumer or third party. Therefore for the purpose of tariff, the Authority considers it appropriate directing GEPL and P&G to agree on a bilateral agreement and accordingly GEPL will be allowed to charge the agreed tariff subsequent to the grant of the generation licence.

(xi). The Authority as duly considered the comments of different stakeholders as explained above. In this regard, the Authority has observed that KEL has raised various points including (a). that the geographical location of the proposed service area of GEPL is falls entirely within its exclusive Service Territory; (b). generation licence cannot be granted without holding a public hearing; (c). it has already challenged the APM initiated to do away with its exclusivity; and (d). the proceedings regarding grant of generation licence to GEPL and allowing sale to will be in violation of the orders of the court. In consideration to the above, the Authority hereby clarifies that GEPL has requested for the grant of Generation Licence under Section-14 B of the NEPRA Act and for supplying to a BPC as stipulated under Section-22 of the NEPRA Act. Under the said provision, the Authority is fully authorized allowing the sale of electric power to bulk power consumers located in the service territory of the holder of a licence. In this regard, reference is made to Article 7 of granted distribution licence of KEL which clearly acknowledges that the exclusive licence granted to KEL subject to provision of Section 22 of the NEPRA Act. About the observation of KEL that the generation licence cannot be granted without a public



hearing. In this regard, the Authority clarifies that the specific provision about holding a hearing in the case of grant a generation licence is stipulated in Rule 3(4) of the Generation Rules and the same is not of a directive nature at all. About the initiated proceedings for APM to exclude exclusivity from the distribution licence of KEL, it is confirmed that the same are sub-judice in the high court of Sindh and as directed by the court, the Authority has suspended the proceedings of the same and has not taken adverse action in the matter. However, the processing of the application of GEPL for the grant of generation licence under Section-14B and authorization for supplying to a BPC under Section-22 of the NEPRA Act cannot be considered at all any violation of the orders of the High court of Sindh in the case of APM for modification of distribution licence of KEL and the two cases cannot be mixed up.

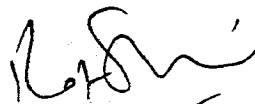
(xii). Regarding the observations of CPPA-G, the Authority has observed that different points has been raised including (a). grant of generation licence to GEPL is subject to the fulfillment of the prerequisites provided the applicable legal and regulatory framework; (b). the formulation of the demand forecasting IGCEP and approval of the Acquisition Program and subsequent procurement pursuant to the specified policy framework/security package; and (c). that all future RE will come through competitive bidding etc. In consideration of the said, the Authority observes that the observations raised by CPPA-G are meant for those projects which are supposed to be developed for supplying to national grid under a certain policy incentive which is not in the case under consideration. Actually, GEPL is seeking a generation licence for setting up a generation facility for supplying to P&G as BPC. As explained in the preceding paragraphs, the proposal is strictly legitimate and is allowed the existing regulatory regime therefore, the comments of CPPA-G are not relevant.



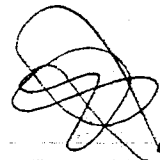
(xiii). In view of the above, the Authority hereby approves the grant of generation licence to GEPL on the terms and conditions set out in the generation licence annexed to this determination. The grant of generation licence will be subject to the provisions contained in the NEPRA Act, relevant rules, regulations framed thereunder and other applicable documents.

Authority:

Rafique Ahmed Shaikh
(Member)


31/12/19

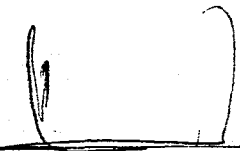
Rehmatullah Baloch
(Member)


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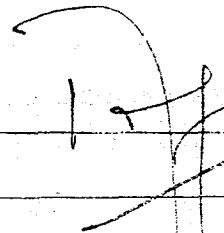
Saif Ullah Chattha
(Member)

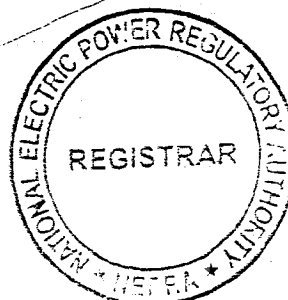
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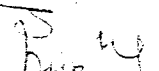
Engr. Bahadur Shah
(Member/Vice Chairman)



Engr. Tauseef H. Farooqi
(Chairman)






10/12/19

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

Islamabad – Pakistan

GENERATION LICENCE

No. SGC/130/2019

In exercise of the powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section-14(B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended or replaced from time to time, the Authority hereby grants a Generation Licence to:

GRID EDGE (PRIVATE) LIMITED

Incorporated under Section-16
of the Companies Act, 2017 (XIX of 2017) having Corporate Universal
Identification No. 0122474, dated August 08, 2018

for its Generation Facility/Solar Power Plant/Solar Farm
Located at Procter & Gamble (Pvt.) Limited, Eastern Zone Bin
Qasim Town, Karachi in the Province of Sindh

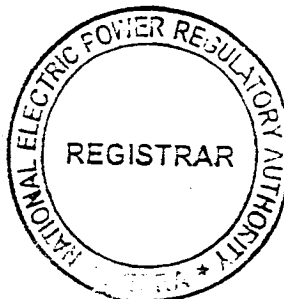
(Installed Capacity: 02.00 MW_p Gross ISO)

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

Given under my hand on 10th day of December Two Thousand &
Nineteen and expires on 29th day of June Two Thousand & Forty-
Five

Registrar

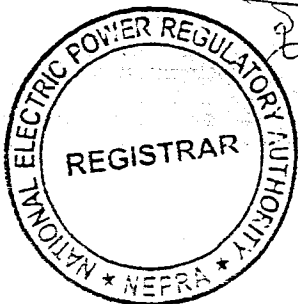
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Article-1
Definitions

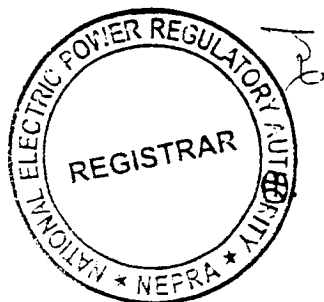
1.1 In this Licence

- (a). "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended or replaced from time to time;
- (b). "Applicable Documents" mean the Act, the rules and regulations framed by the Authority under the Act, any documents or instruments issued or determinations made by the Authority under any of the foregoing or pursuant to the exercise of its powers under the Act, the Grid Code, the applicable Distribution Code, the Commercial Code if any, or the documents or instruments made by the Licensee pursuant to its generation licence, in each case of a binding nature applicable to the Licensee or, where applicable, to its affiliates and to which the Licensee or any of its affiliates may be subject;
- (c). "Applicable Law" means all the Applicable Documents;
- (d). "Authority" means the National Electric Power Regulatory Authority constituted under Section-3 of the Act;
- ~~(e). "Bulk Power Consumer (BPC)" means a consumer which purchases or receives electric power, at one premises, in an amount of one (01) megawatt or more or in such other amount and voltage level and with such other characteristics as the Authority may specify and the Authority may specify different amounts and voltage levels and with such other characteristics for different areas;~~
- (f). "Bus Bar" means a system of conductors in the generation facility/Solar Power Plant/Solar Farm of the Licensee on which the electric power from all the photovoltaic cells is collected for



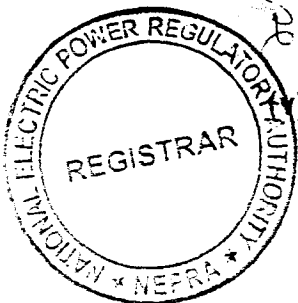
supplying to the Power Purchaser;

- (g). "Carbon Credits" mean the amount of Carbon Dioxide (CO₂) and other greenhouse gases not produced as a result of generation of electric energy by the generation facility/Solar Power Plant/Solar Farm and other environmental air quality credits and related emissions reduction credits or benefits (economic or otherwise) related to the generation of electric energy by the generation facility/Solar Power Plant/Solar Farm, which are available or can be obtained in relation to the generation facility/Solar Power Plant/Solar Farm after the COD;
- (h). "Commercial Code" means the National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015 as amended or replaced from time to time;
- (i). "Commercial Operations Date (COD)" means the day immediately following the date on which the generation facility/Solar Power Plant/Solar Farm of the Licensee is Commissioned;
- (j). "Commissioned" means the successful completion of commissioning of the generation facility/Solar Power Plant/Solar Farm for continuous operation and despatch to the Power Purchaser;
- (k). "Distribution Code" means the distribution code prepared by the concerned XW-DISCO and approved by the Authority, as may be revised from time to time with necessary approval of the Authority;
- "Generation Rules" mean the National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000 as amended or replaced from time to time;
- (m). "Grid Code" means the grid code prepared and revised from time



to time by NTDC with necessary approval of the Authority;

- (n). "IEC" means "the International Electrotechnical Commission or its successors or permitted assigns;
- (o). "IEEE" means the Institute of Electrical and Electronics Engineers or its successors or permitted assigns;
- (p). "Law" means the Act, relevant rules and regulations made there under and all the Applicable Documents;
- (q). "Licence" means this licence granted to the Licensee for its generation facility/Solar Power Plant/Solar Farm;
- (r). "Licensee" means Grid Edge (Private) Limited or its successors or permitted assigns;
- (s). "Licensing Regulations" mean the National Electric Power Regulatory Authority Licensing (Application & Modification Procedure) Regulations, 1999 as amended or replaced from time to time;
- (t). "Net Delivered Energy" means the net electric energy expressed in kWh that is generated by the generation facility/Solar Power Plant/Solar Farm of the Licensee at its outgoing Bus Bar and delivered to the Power Purchaser;
- (u). "Power Purchaser" means the BPC which will be purchasing electric power from the Licensee, pursuant to a PPA for procurement of electric power;
- (v). "Power Purchase Agreement-PPA" means the energy purchase agreement, entered or to be entered into by and between the Power Purchaser and the Licensee, for the purchase and sale of electric energy generated by the generation facility/Solar Power Plant/Solar Farm, as may be amended by the parties thereto from



time to time;

- (w). "Solar Farm" means "a cluster of photovoltaic cells in the same location used for production of electric power";
- (x). "XW-DISCO" means an Ex-WAPDA distribution company engaged in the distribution of electric power".

1.2 The words and expressions used but not defined herein bear the meaning given thereto in the Act or rules and regulations issued under the Act.

Article-2 **Applicability of Law**

This Licence is issued subject to the provisions of the Applicable Law, as amended or replaced from time to time.

Article-3 **Generation Facilities**

3.1 The location, size (capacity in MW), technology, interconnection arrangements, technical limits, technical functional specifications and other details specific to the generation facility/Solar Power Plant/Solar Farm of the Licensee are set out in Schedule-I of this Licence.

3.2 The net capacity/Net Delivered Energy of the generation facility/Solar Power Plant/Solar Farm of the Licensee is set out in Schedule-II of this Licence. The Licensee shall provide the final arrangement, technical and financial specifications and other specific details pertaining to its generation facility/Solar Power Plant/Solar Farm before its COD.

Article-4 **Term of Licence**

4.1 This Licence shall become effective from the date of its issuance and will have a term of twenty five (25) years from the COD of the generation facility/Solar Power Plant/Solar Farm, subject to the provisions of Section-14(B) of the Act.



4.2 Unless suspended or revoked earlier, the Licensee may apply for renewal of this Licence ninety (90) days prior to the expiry of the above term, as stipulated in the Generation Rules read with the Licensing Regulations.

Article-5
Licence fee

The Licensee shall pay to the Authority the Licence fee as stipulated in the National Electric Power Regulatory Authority (Fees) Rules, 2002 as amended or replaced from time to time.

Article-6
Tariff

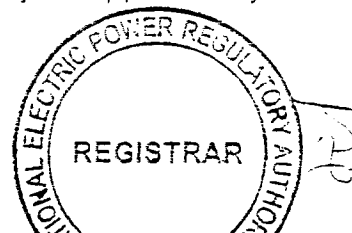
The Licensee is allowed to charge the Power Purchaser/BPC a mutually agreed tariff.

Article-7
Competitive Trading Arrangement

7.1 The Licensee shall participate in such manner as may be directed by the Authority from time to time for development of a Competitive Trading Arrangement.

7.2 The Licensee shall in good faith work towards implementation and operation of the aforesaid Competitive Trading Arrangement in the manner and time period specified by the Authority. Provided that any such participation shall be subject to any contract entered into between the Licensee and another party with the approval of the Authority.

7.3 Any variation or modification in the above-mentioned contracts for allowing the parties thereto to participate wholly or partially in the Competitive Trading Arrangement shall be subject to mutual agreement of the parties thereto and such terms and conditions as may be approved by the Authority.



Article-8
Maintenance of Records

For the purpose of sub-rule (1) of Rule-19 of the Generation Rules, copies of records and data shall be retained in standard and electronic form and all such records and data shall, subject to just claims of confidentiality, be accessible by authorized officers of the Authority.

Article-9
Compliance with Performance Standards

The Licensee shall comply with the relevant provisions of the National Electric Power Regulatory Authority Performance Standards (Generation) Rules 2009 as amended or replaced from time to time.

Article-10
Compliance with Environmental & Safety Standards

10.1 The generation facility/Solar Power Plant/Solar Farm of the Licensee shall comply with the environmental and safety standards as may be prescribed by the relevant competent authority as amended or replaced from time to time.

10.2 The Licensee shall provide a certificate on a bi-annual basis, confirming that the operation of its generation facility/Solar Power Plant/Solar Farm is in conformity with required environmental standards as prescribed by the relevant competent authority as amended or replaced from time to time.

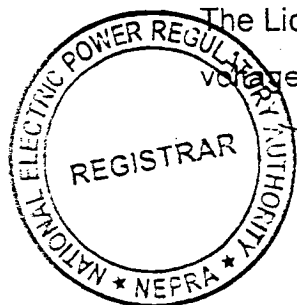
Article-11
Power off take Point and Voltage

The Licensee shall deliver the electric power to the Power Purchaser at the outgoing Bus Bar of its generation facility/Solar Power Plant/Solar Farm.

The Licensee shall be responsible for the up-gradation (step up) of generation voltage up to the required dispersal voltage level.

Article-12
Provision of Information

In accordance with provisions of Section-44 of the Act, the Licensee shall



be obligated to provide the required information in any form as desired by the Authority without any exception.

Article-14
Emissions Trading /Carbon Credits

The Licensee shall process and obtain expeditiously the Carbon Credits admissible to the generation facility/Solar Power Plant/Solar Farm. The Licensee shall share the said proceeds with the Power Purchaser on mutually agreed terms and conditions.

Article-15
Design & Manufacturing Standards

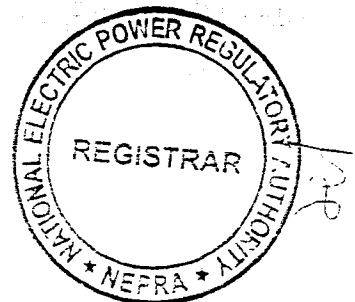
The photovoltaic cells and other associated equipment of the generation facility/Solar Power Plant/Solar Farm shall be designed, manufactured and tested according to the latest IEC, IEEE standards or any other equivalent standard in the matter. All the plant and equipment of generation facility/Solar Power Plant/Solar Farm shall be unused and brand new.

Article-16
Power Curve

The power curve for the individual photovoltaic cell provided by the manufacturer and as mentioned in Schedule-I of this generation licence, shall form the basis in determining the cumulative power curve of the generation facility/Solar Power Plant/Solar Farm.

Article-17
Compliance with Applicable Law

The Licensee shall comply with the provisions of the Applicable Law, guidelines, directions and prohibitory orders of the Authority as issued from time to time.

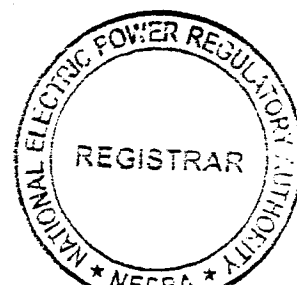
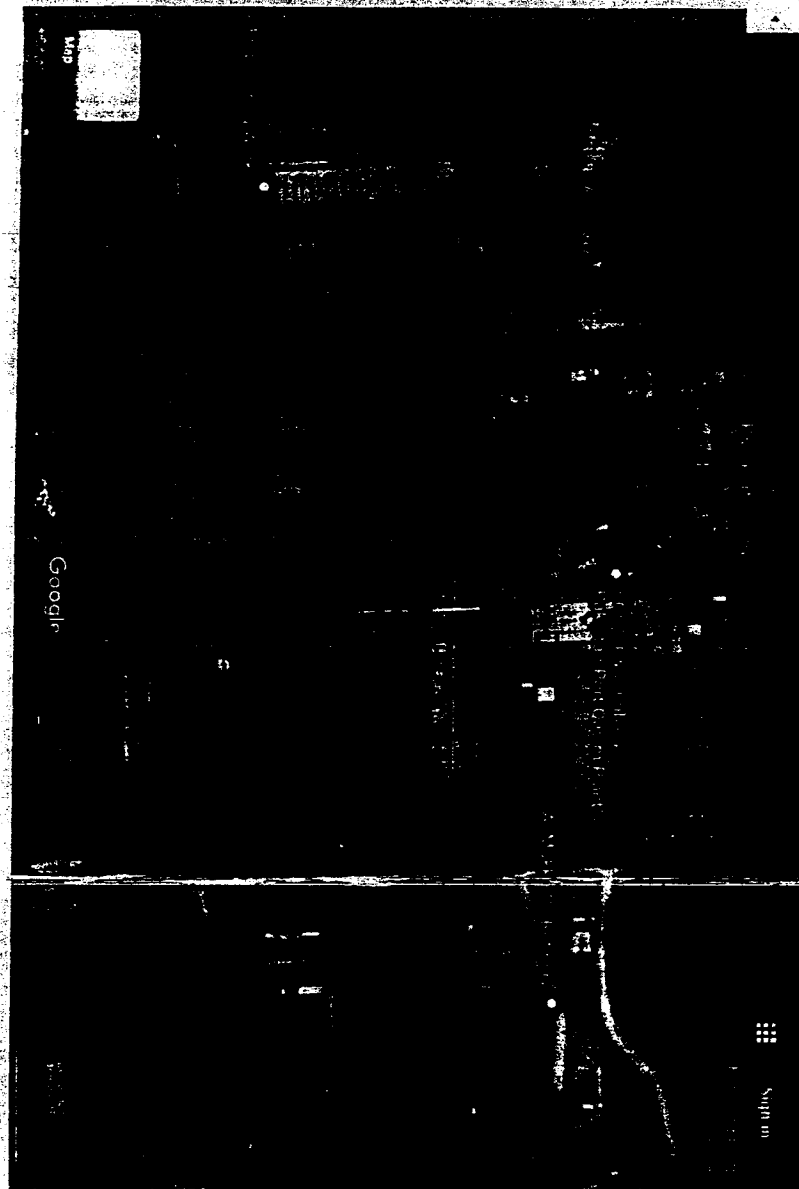


SCHEDULE-I

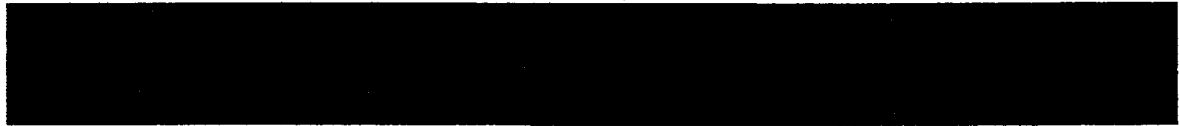
**The Location, Size (i.e. Capacity in MW),
Type of Technology, Interconnection Arrangements, and Technical
Limits, Technical/Functional Specifications and other details
specific to the Generation Facilities of the Licensee are described
in this Schedule.**



**Location of the
Generation Facility/Solar Power Plant/Solar Farm
of the Licensee**



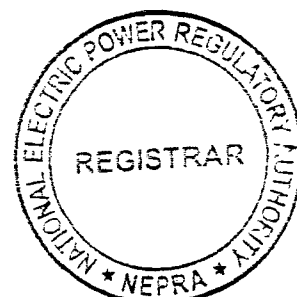
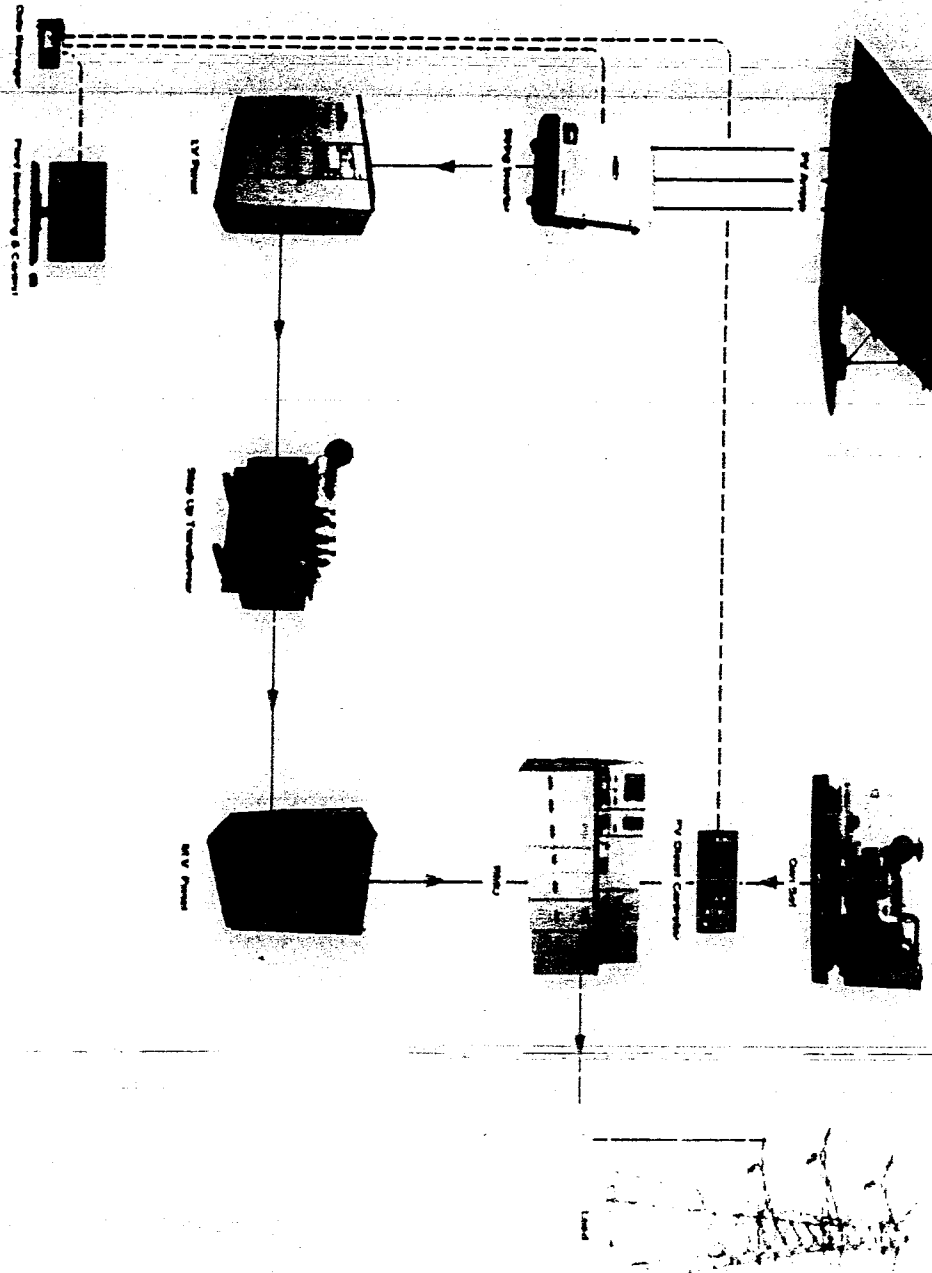
**Land Coordinates of the
Generation Facility/Solar Power Plant/Solar Farm
of the Licensee**



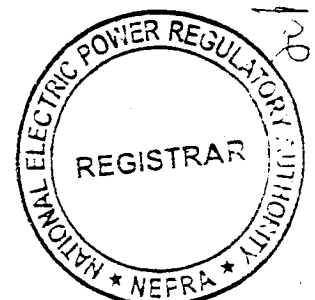
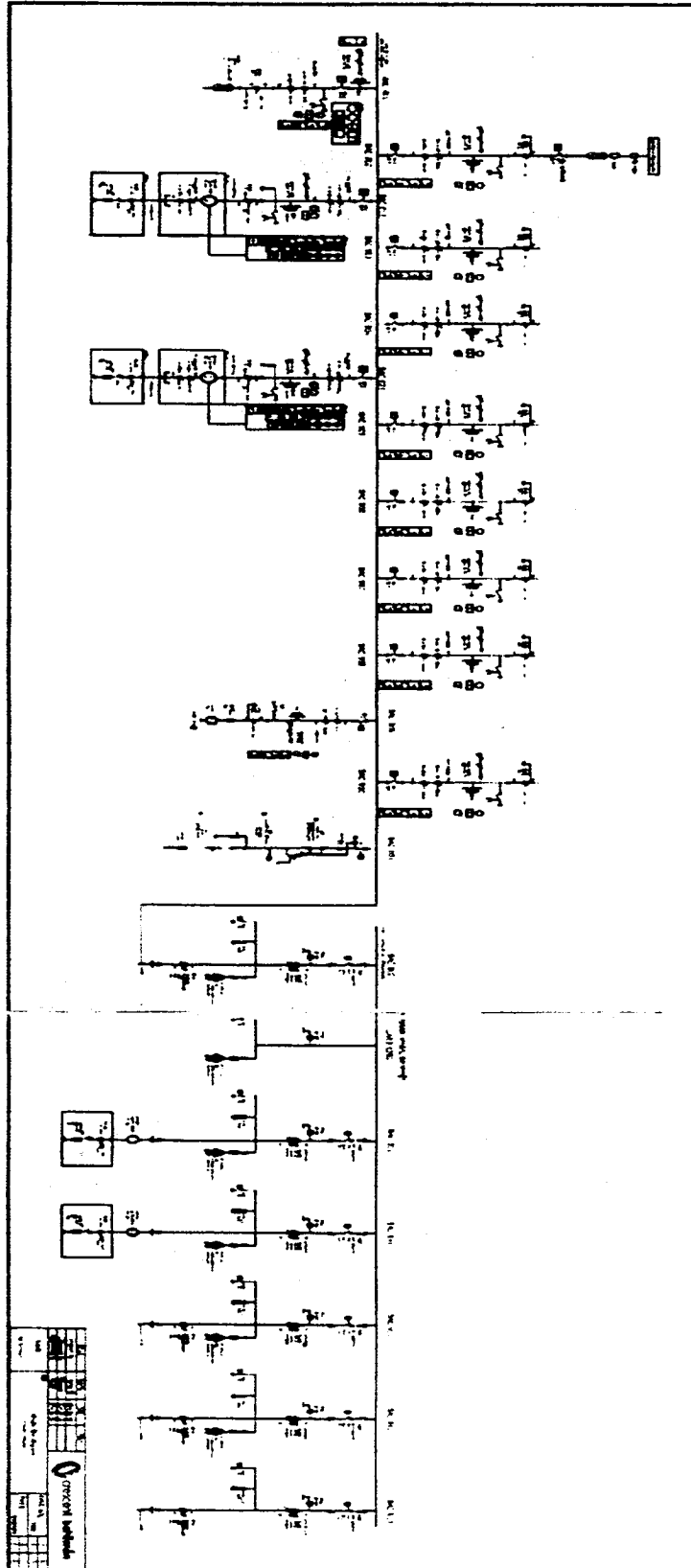
<u>Sr. No.</u>	<u>Latitude</u>	<u>Longitude</u>
Boundary 1	24°48'01.8"N	67°24'01.6"E
Boundary 2	24°48'05.5"N	67°24'01.3"E
Boundary 3	24°48'05.6"N	67°24'08.6"E
Boundary 4	24°48'05.6"N	67°24'08.6"E



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Single Line Diagram
of the Generation Facility/Solar Power Plant/Solar Farm
of the Licensee



**Interconnection Arrangement/Transmission Facilities
for Dispersal of Power from the Generation Facility/Solar
Power Plant/Solar Farm of the Licensee**

The electric power generated from the generation facility/Solar Power Plant/Solar Farm of the Licensee/Grid Edge (Pvt.) Limited (GEPL) will be delivered/supplied to a Bulk Power Consumer (BPC) in the name of Procter and Gamble Pak (Pvt.) Limited (P&G) located near Port Qasim, Eastern Zone, Karachi, in the province of Sindh.

(2). The details pertaining to BPC, supply arrangement and other relating information are provided in the subsequent description of this schedule. Any change in the above Interconnection Arrangement/Transmission Facility/supply arrangement duly agreed by Licensee/GEPL and P&G, shall be communicated to the Authority in due course of time.



Details of Generation Facility/Solar Power Plant/ Solar Farm

(A). General Information

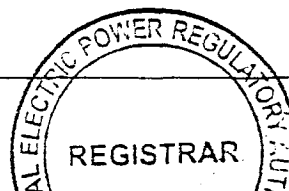
(i).	Name of the Company/Licensee	Grid Edge Pvt. Limited
(ii).	Registered/ Business office of the Company/Licensee	3 rd Floor, Dawood Center, M.T. Khan Road, Karachi in the Province of Sindh
(iii).	Location of the generation facility Solar Power Plant/ Solar Farm	P&G Port Qasim Plant
(iv).	Type of the generation facility/ Solar Power Plant/ Solar Farm	Solar Photovoltaic (PV)

(B). Solar Power Generation Technology & Capacity

(i).	Type of Technology	Photovoltaic (PV) Cell
(ii).	System Type	ON-GRID
(iii).	Installed Capacity of the generation facility Solar Power Plant/ Solar Farm (MW)	≈ 2.00 MW

(C). Technical Details of Equipment

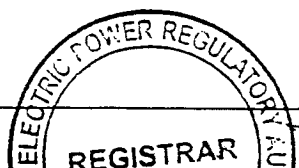
(a).	<u>Solar Panels – PV Modules</u>	
(i).	Type of Module	Polycrystalline Silicon Solar Modules 330W
(ii).	Type of Cell	Polycrystalline
(iii).	Dimension of each Module	1956×992×40mm
(iv).	No. of Panel/Modules	6060



(v).	Total Module Area	1.940 m2 per module
(vi).	Frame of Panel	Anodized Aluminium Frame
(vii).	Weight of one Module	23 kg
(viii).	No of Solar Cells in each module	72
(ix).	Efficiency of module	17%
(x).	Maximum Power (Pmax)	320
(xi).	Voltage @ Pmax	37.80
(xii).	Current @ Pmax	8.74
(xiii).	Open circuit voltage (Voc)	46.20
(xiv).	Short circuit current (Isc)	9.24
(xv).	Maximum system open Circuit Voltage	1500 V
(b).	<u>PV Array</u>	
(i).	Nos. of Strings	303
(ii).	Modules in a string	20 each
(c).	<u>Inverters</u>	
(i).	Capacity of each unit	110 kW
(ii).	Manufacturer	Sungrow SG110CX
(iii).	Input Operating Voltage Range	200-1100 V



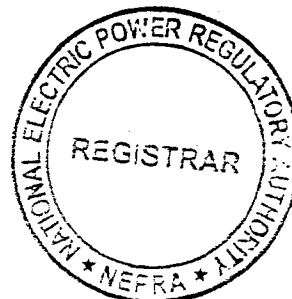
(iv).	Number of Inverters	18	
(v).	Efficiency of inverter	98.7%	
(vi).	Max. Allowable Input voltage	1100 V DC	
(vii).	Max. Current	158.8 A	
(viii).	Max. Power Point Tracking Range	550-850 V	
(ix).	Output electrical system	3 phases, 4 wires	
(x).	Rated Output Voltage	480 V	
(xi).	Power Factor (adjustable)	> 0.99; 0-1 adjustable	
(xii).	Power control	MPP tracker	
(xiii).	Rated Frequency	50/60 Hz	
		Relative Humidity	0-100%, condensing
(xiv).	Environmental Enclosures	Audible Noise	68 dB(A) @ 1m
		Operating Elevation	4000 m
		Operating temperature	-30 to +60°C
(xv).	Grid Operating protection	A	DC circuit breaker
		B	AC circuit breaker
		C	DC overload protection (Type 2)



		D	Overheat protection
		E	Grid monitoring
		F	Insulation monitoring
		G	Ground fault monitoring
(d).	<u>Data Collecting System</u>		
(i).	System Data	Continuous online logging with data logging software to portal.	
(e).	<u>Unit Transformer</u>		
(i).	Rating	2 x 1000 kVA	
(ii).	Type of transformer	1000 ONAN	
(iii).	Purpose of transformer	Step-up (0.48 / 11kV)	
(iv).	Output Voltage	11 KV	

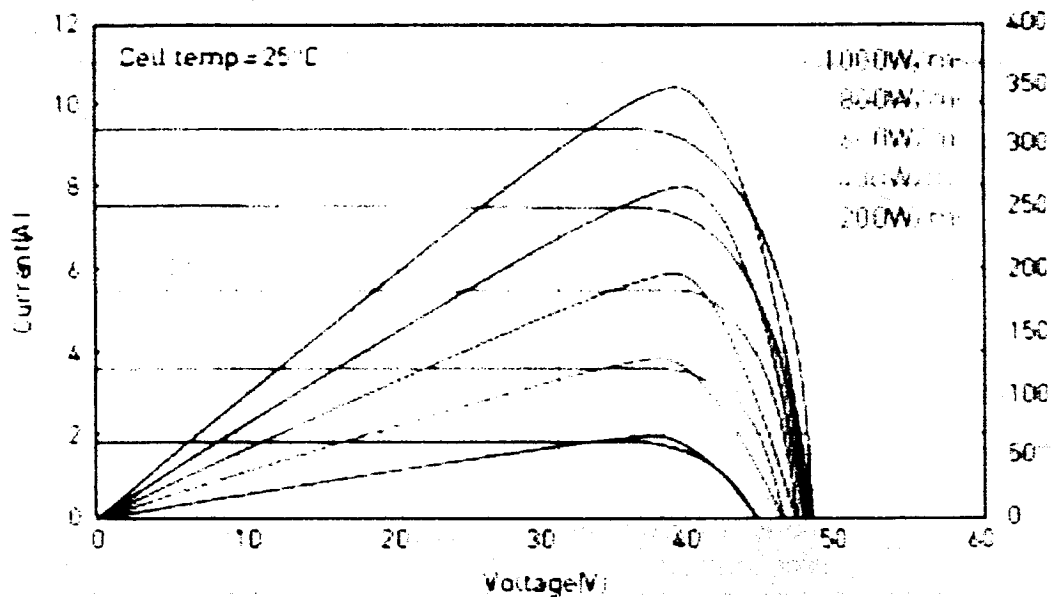
(D). **Other Details**

(i).	Expected COD of the generation facility Solar Power Plant/ Solar Farm	June 30, 2020
(ii).	Expected useful Life of the generation facility Solar Power Plant/ Solar Farm from the COD	25 years

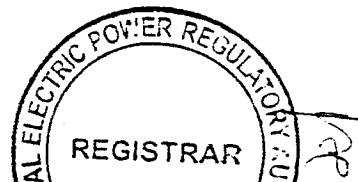
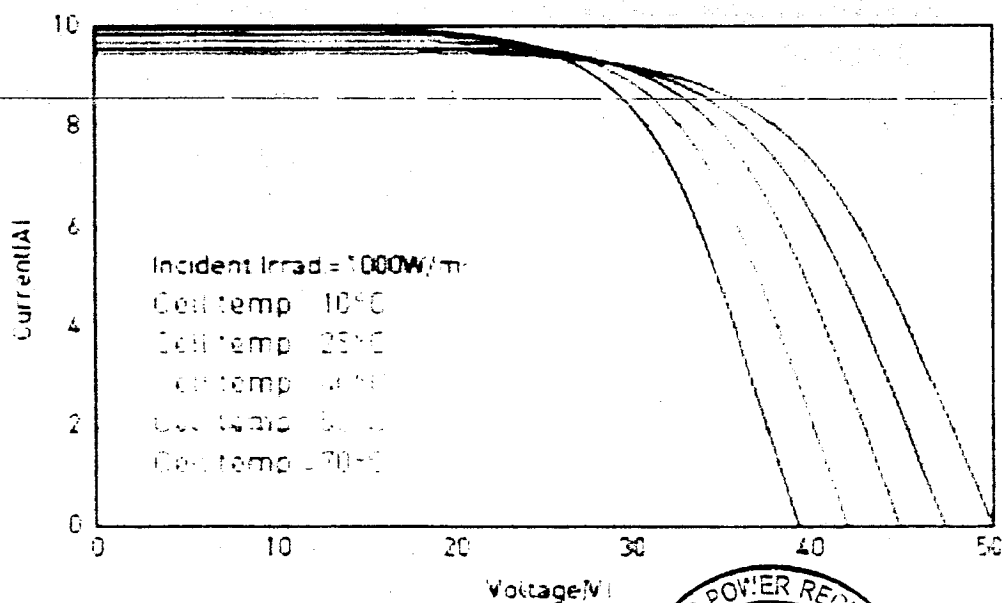


V-I Curve of Solar Cell of Generation Facility/Solar Power Plant/ Solar Farm

U-I/P-U Curve at Different Irradiation (350W)

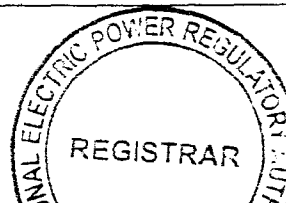


U-I Curve at Different Temperature (350W)



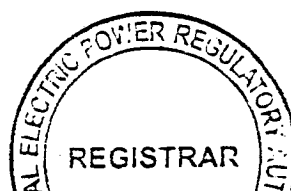
Information
Regarding Bulk Power Consumer(s)/BPC(s) i.e. Procter
and Gamble Pakistan (Private) Limited (P&G)

(i).	No. of Consumers	One (01)
(ii).	Location of consumer (distance and/or identity of premises)	P&G Port Qasim Plant, Karachi
(iii).	Contracted Capacity and Load Factor for consumer	2.00 MW/17%
(iv).	Specify Whether	
	(a).	The consumer is an Associate undertaking of the Grid Edge -If yes, specify percentage ownership of equity;
	(b).	There are common directorships:
	(c).	Either can exercise influence or control over the other.
	Specify nature of contractual Relationship	
(v).	(a).	Between consumer and Grid Edge.
	(b).	Consumer and DISCO.
(vi)	Any other network information deemed relevant for disclosure to or consideration of the Authority.	



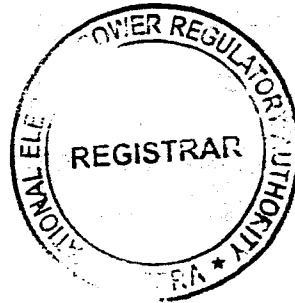
Information
Regarding Distribution Network for Supply of Electric
Power to BPC in the name of P&G

(i).	No. of Feeders	One (01)
(ii).	Length of Each Feeder (Meter)	100 -200 Meter
(iii).	Length of Each Feeder to each Consumer	-do-
(iv).	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 customer, whether they cross-over.	The underground cable supplying to P&G/BPC is located on private property owned by P&G/BPC without involving any third property
(v).	Whether owned by P&G, Consumer or DISCO-(deal with each Feeder Separately)	
	(a).	If owned by DISCO, particulars of contractual arrangement
	(b).	Operation and maintenance responsibility for each feeder
(vi).	Whether connection with network of DISCO exists (whether active or not)- If yes, provide details of connection arrangements (both technical and contractual)	P&G is an existing B-3 consumer of K Electric Limited
(vii).	Any other network information deemed relevant for disclosure to or consideration of the Authority.	NA



SCHEDULE-II

The Total Installed Gross ISO Capacity of the Generation Facility/Power Plant/Solar Plant (MW), Total Annual Full Load (Hours), Average Sun Availability, Total Gross Generation of the Generation Facility/Solar Farm (in kWh), Annual Energy Generation (25 years Equivalent Net Annual Production-AEP) KWh and Net Capacity Factor of the Generation Facility/Solar Farm of Licensee are given in this Schedule.

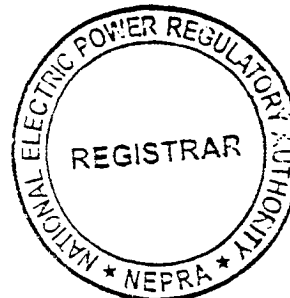


SCHEDULE-II

(1).	Total Installed Capacity of the Generation Facility/Solar Power Plant/Solar Farm	2.00 MW _P
(2).	Average Sun Hour Availability/Day (Irradiation on Inclined Surface)	8 to 8.5 Hours
(3).	No. of days per year	365
(4).	Annual generating capacity of Generation Facility/Solar Power Plant/Solar Farm (As Per Simulation)	3138.6 MWh
(5).	Total expected generation of the Generation Facility/Solar Power Plant/Solar Farm during the twenty five (25) years term of this licence	62772 MWh
(6).	Annual generation of Generation Facility/Solar Power Plant/Solar Farm based on 24 hours working	17520 MWh
(7).	Net Capacity Factor of Generation Facility/Solar Power Plant/Solar Farm	17.90 %

Note

All the above figures are indicative as provided by the Licensee. The Net Delivered Energy available to Power Purchaser for dispatch will be determined through procedures contained in the Power Purchase Agreement (PPA) or the Applicable Document(s).



Authorization of
Authority to Grid Edge (Private) Limited
(GEPL)


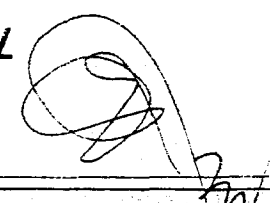
Incorporated under Section-16 of
the Companies Act, 2017 (XIX of 2017) having Corporate
Universal Identification No. 0122474, dated August 08, 2018


GENERATION LICENCE No. SGC/130/2019
For
Sale to Bulk Power Consumer(s)

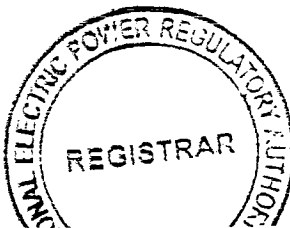
Pursuant to Section-22 of the Act and Rule-7 of the Generation Rules,
the Authority hereby authorizes the GEPL/(the Licensee) to engage in Second-
Tier Supply business, limited to the consumer(s) as follows:-

- (1). Procter and Gamble Pakistan (Private) Limited
(P&G) located at Eastern Zone Bin Qasim Town,
Karachi in the Province of Sindh.

Authority

 Engr. Rafique Ahmad Sheikh (Member)	 Rehmatullah Baloch (Member)
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Did Not Attend	
Saif Ullah Chattha (Member)	Engr. Bhadur Shah (Member)/Vice Chairman



Engr. Tauseef H. Farooqi (Chairman)
