



For information & map.
— Dir (Lic)
Copy to:
— SA (Tech)
— SA (Lic)
— D/By-I/SAR
06.08.15
Cc: Chairman
VC (m(m))
m(T)
m(m&E)
m(Lic)

August 5, 2015

Mr. Iftikhar Ali Khan
Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on indirectly on 27th July 2015 as the given address in the letter is old one and incorrect. First of all you are requested to change the mailing address in you record as per following:

Orient Power Company (Private) Limited
10 Ali Block New Garden Town
Lahore
Phone: +92 42 35911164 to 67
Fax: +92 42 35911168

As you are well aware, it is a matter of record that Orient Power Company (Private) Limited (the **Company**) operates under a Generation License dated July 22, 2005 (the **License**). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated November 8, 2006 (the **PPA**) with National Transmission and Dispatch Company Limited (NTDC) for a period of thirty (30) years and an Implementation Agreement dated November 10, 2006 (the **IA**) with the Government of Pakistan (the **GOP**). The obligations of the Power Purchaser are secured by a sovereign guarantee (the **Guarantee**). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to

Orient Power Company (Private) Limited.

10-Ali Block, New Garden Town, Lahore - Pakistan.
Tel: (+92-42) 35911164-67 Fax: (+92-42) 35911168 E-mail: info@orientpower.com.pk
Web: www.orientpower.com.pk

Registrar 8526
Dy No.
Dated 06.08.15



take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that has overriding effect or may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,

For and on behalf of Orient Power Company (Private) Limited

Kashif Bashir Rana
CFO

August 5, 2015.

Rousch (Pakistan) Power Limited
450MW Gas-Fired CCPP

Ref: RPPL/Corp/2015/0807

Mr. Iftikhar Ali Khan
Deputy Registrar
National Electric Regulatory Authority
NEPRA office Building,
G-5/1 Attaturk Avenue (East)
Islamabad.

For information & reply to
— Dir (Lic)
Copy to
— SA (Tech)
— Dy Reg-I/SAR
— LA (Lic)
— m/f

06.08.15
cc: Chairman
vc/MCA,
M(T)
M(M&E)
M(Lic)

Dear Sir,

Subject: MODIFICATION-II IN THE TRANSMISSION LICENCE OF NATIONAL TRANSMISSION AND DISPATCH COMPANY LIMITED

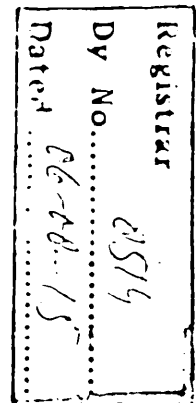
This is with reference to your letter on the above mentioned subject which we was received by us on July 24, 2015 wherein the authority allowed the stakeholders to submit their reviews/concerns on the subject matter. In view of the aforesaid, we are pleased to enclose herewith our written comments on modification in the transmission license of NTDC.

We shall be happy to explain our view point on the subject matter in person if required by NEPRA.

Yours truly



Muhammad Junaaid Asghar
(CFO & Company Secretary)



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T +92 (42) 35 9900 34, F +92 (42) 35 9237 72, E rousch@rouschpak.com

Plant Office : 450 MW Combined Cycle Power Plant, Near Sidhina Barrage, Abdul Hakeem, District Khanewal.
T +92 (65) 24 415 72, F +92 (65) 24 415 70, E site@rouschpak.com, URL www.rouschpak.com

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

**WRITTEN COMMENTS IN RELATION TO THE TRANSMISION
LICENSE OF NATIONAL TRANSMISSION AND DESPATCH COMPANY
LIMITED**

SUMBITTED BY:
ROUSCH (PAKISTAN) POWER LIMITED

5 AUGUST 2015

ROUSCH (PAKISTAN) POWER LIMITED
DESCON HEADQUARTERS,
18 KM FEROZEPUR ROAD LAHORE
PHONE # +92 42 35990034 EXT 450
EMAIL: junaid.asghar@rouschpak.com

LEGAL BASIS

These comments are being filed by Rousch (Pakistan) Power Ltd. (the “**Company**”) before National Electric Power Regulatory Authority (“**NEPRA**” or the “**Authority**”) pursuant to National Electric Power Regulatory Authority’s Letter No. NEPRA/R/DL/LAT-01/10615-10874 dated 16 July 2015 (the “**NEPRA Letter**”) received by the Company on 24 July 2015 in relation to the: (a) the Determination of NEPRA in the matter Licensee Proposed Modification in the Transmission License No. TL/01/2002 dated December 31, 2002 (the “**Transmission License**”) of M/s. National Transmission & Despatch Company Limited (“**NTDC**”) dated 29 May 2015; (b) the National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015 (the “**Market Rules**”); and (c) the Commercial Code submitted by Central Power Purchasing Agency (Guarantee) Limited (“**CPPA (G)**”) on 2 June 2015 (the “**Commercial Code**”), as determined by the Authority under, *inter alia*, the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the “**NEPRA Act**”), the Market Rules and the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 (the “**NEPRA Tariff Rules**”), read with other enabling and applicable provisions of NEPRA laws.

The Rules, the proposed amendments to the Transmission License and the Commercial Code have been affected not only to establish CPPA-G as a market operator but also to facilitate the phased transition of the power market from Single Buyer Model to Competitive Market Operation – a long standing objective of the Authority. It is pertinent to highlight that the implementation of the said proposals, including by way of the Market Rules and the Code, are likely to have significant impact on the overall sector.

The Company, an Independent Power Producer (“**IPP**”) and a respected member of this sector, wishes to take this opportunity in light of the discovery of new and important matter of evidence, and on account of other matters apparent on the face of the record, to submit these written comments for the benefit of the Authority.

**SPECIFIC CONCERNS IN RELATION TO THE MODIFICATION IN THE
TRANSMISSION LICENSE OF NTDC**

1. **The National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015**

1.1. In order to facilitate the successful incorporation of CPPA (G) into the current power sector and establish it as a market operator, NEPRA issued the Market Rules on 28 May 2015.

1.2. Obligations of the Market Participant towards the Market Operator

It should be noted that Rule 5 provides that *"for a period of two years from the commencement of these rules, CPPA-G shall be deemed to be authorized and registered as the market operator under these rules to commence and conduct the market operations and during this period shall apply for registration in accordance with the provisions of these rules:*

Provided that CPPA-G shall prior to commencing the market operations and within a period of fifteen days of coming into operation of these rules submit the commercial code to the Authority for its approval and thereafter notification by the Authority in the official Gazette" [Emphasis Added].

We assume that having filed the Commercial Code with the Authority within the time prescribed in the Market Rules (and the same being approved by the Authority), all other formalities required under the Market Rules have also been complied with by CPPA (G) to act as a market operator.

Furthermore, under the Rules, a "market participant" is defined as "any entity, approved by the Authority as generation company, NTDC, "the Ex-WAPDA distribution companies", Transmission Company or any other entity enlisted by the market operator under the commercial code" Therefore, we understand that the Company having been issued a generation license by the Authority, is considered as a market participant for the purposes of the Market Rules.

Further to the other rules and regulations issued in pursuance of the NEPRA Act, the Market Rules lists additional requirements that need to be complied with by the market participants. Under Rule 9, each market participant is obligated to:

- (a) comply with the Market Rules;
- (b) comply with the commercial code including billing, collection, payment and settlement mechanisms;

- (c) submit to the system operator and the market operator the information requests pursuant to provisions of these rules, the grid code and the commercial code; and
- (d) pay the market operation fee as per commercial code and such other charges as specified by the Authority.

The Commercial Code provides in Clause 11.1.1 that *"the costs associated with CPPA shall be separated from the calculation of UoSC to form the "CPPA-G Market Operation Fee" that shall be charged to the DISCOs in tandem to the UoSC."* Furthermore, Clause 6.1.4 of the Commercial Code provides that the Market Operation fee *"shall be charged to Market Participants Representing Demand"*. We note that Market Participants, as defined in the Market Rules, includes *"the Ex-WAPDA distribution companies"* and the Market Participants Representing Demand, as defined in the Commercial Code, refers to the *"ten Ex-WAPDA DISCOs."*

For the avoidance of doubt, we would like to clarify that the scope of Rule 9(d), as provided above, is limited only to the distribution companies and not intended for generation companies like the Company. If the intention of this Rule is to apply across the board, including generation companies, the Company wishes to inquire about any additional fees and charges the Authority is seeking to apply on generation companies pursuant to this Rule.

1.3. The Company's Generation Licence

The Authority also clarified in Rule 9(4) that the rights and obligations of the market participants under the Market Rules are in *"addition to and not in derogation of the rights and obligations provided in their respective licence already granted by the Authority"* [Emphasis Added]. Moreover, Rule 18 clarifies that *"Nothing contained in these rules shall in any way affect or diminish the rights of the market participants under their respective licenses already granted by the Authority"*. [Emphasis Added]

The Company was issued the Generation License No. IPGL/015/2003 on 26 August 2003 (as further amended from time to time, the **"Company's Generation License"**) and it is provided in Article 6(1) therein that *"During the subsistence of the Agreements¹ entered in by the Licensee prior to the enactment of the Act, the Licensee shall have the option to participate in such measures as may be directed by the Authority from time to time for development of a Competitive Trading Arrangement."*

¹ Agreements is defined in the Company's Generation License to include both the Implementation Agreement dated 15 June 1995 and the Power Purchase Agreement dated 25 February 1995.

An argument can be made that by reading Rule 16, Rule 9(4) and Rule 18 of the Market Rules together with the Company's Generation License (as quoted in Paragraph 1.3 above) the dispute resolution mechanism in the Company's PPA would need to be followed. We request NEPRA to revise Rule 16 to specifically exclude any dispute that falls under the PPA (such dispute shall be resolved under dispute resolution procedures under the PPA). This is particularly important provision not only for the Company but for all future IPP who would not have the benefit of relying on their Generation License for this interpretation.

1.6. Penalty for Non-Compliance

It should be noted that the Rules state "*if any person fails or refuses to comply with, or contravenes any of the provisions of these rules or any direction or order passed by the Authority under these rules or knowingly or willfully authorizes or permit such failure, refusal or contravention, he shall, be punishable with a fine which may extend to 100 million rupees.*" We are of the view that this is an excessive amount of fine which needs to be reduced by NEPRA.

2. Commercial Code

In furtherance of the issuance of the Market Rules, NEPRA has also approved the Commercial Code that was submitted by CPPA (G). This Commercial Code is "*applicable on the existing market structure, i.e. the single buyer model as well as current practices being carried out by the CPPA of NTDC.*"²

The Commercial Code provides that CPPA (G) is "*responsible for the administration, maintenance and implementation of the Commercial Code, supervision of compliance by Market Participants and performing such functions as provided in Schedule II of the Market Rules.*"

2.1. Applicability and Scope

It is provided in Clause 2.2 of the Commercial Code that during the current phase, CPPA (G) shall "*act as the sole agent of Distribution Companies and purchaser of capacity and energy on DISCOs' behalf from the Generation Companies, apart from Small Power Producers or other Generators which have decided to contract bilaterally with the Distribution Companies, and settle the energy and capacity taken by the Distribution Companies.*"

It is important to specifically refer to what would happen to the Company's PPA prior to the PPA being novated or if it is not novated to CPPA (G) altogether. It should be noted that NTDC has removed some its powers pursuant to the

² Clause 2.1 of the Commercial Code

amendments to its Transmission License. The respective role of NTDC and CPPA-G, in this situation should be explicitly set out.

Furthermore, we would like to confirm if CPPA (G) would also “*settle the energy and capacity taken by the Distribution Companies*” that have already been produced by the Generation Companies but not been paid for by NTDC.

2.2. Conflict with the PPA

It is pertinent to note that Clause 3.2.2 of the Commercial Code provides that all Market Participants (as defined in the Market Rules) “*shall abide by this Commercial Code, however nothing herein shall derogate from the rights and obligations imposed upon any person under any license or regulations issued by Authority, or the provisions in Power Purchase Agreement signed prior to this Commercial Code becoming effective.*” [Emphasis Added] The term “Power Purchase Agreements” is defined in the Commercial Code as “*the agreements signed by WAPDA with an IPP under or prior to 1994 Policy; agreements signed by NTDC with GENCOs and WAPDA Hydel; agreements signed by NTDC, all to procure power on behalf of Distribution Companies and all administered by CPPA-G and all further agreements for procurement or power on behalf of Distribution Companies by CPPA-G*”.

It has been highlighted that in case of any inconsistency of the Commercial Code with the NEPRA Act or the Market Rules, “*the provisions of the Act or Market Rules will prevail up to the extent of the inconsistency.*” It should also be noted that the Commercial Code “*complements the Grid Code and should be read in conjunction therewith.*”

It is noted that Rule 9(b) of the Market Rules provides that each Market Participant shall “*comply with the commercial code including billing, collection, payment and settlement mechanisms*”. The Company is concerned that in light of Rule 9(b) the Company is expected to abide by the terms of the Commercial Code which contravene the PPA that has already been executed.

We would like the Authority to confirm our understanding that if there is ANY conflict or deviation between the Commercial Code and the PPA and the same affects the rights of the Company, the PPA would be complied with. We request an express clarification is made in this regard by the Authority to avoid any potential issues in the future.

2.3. Procedure Proposing Amendments

Clause 3.4 of the Commercial Code provides that CPPA (G) shall establish a Review Panel which “*shall include representatives of Market Participants*” for the purposes of proposing amendments and improvements to the Commercial Code. We would like to confirm if this Review Panel would be permanently constituted and would

take suggestions from generation companies as and when deemed necessary. This would allow the Company and other IPPs to bring in commercial, financial, technical and operational points which would benefit the sector as a whole. Furthermore, we would like to inquire how the members of the Review Panel would be nominated/appointed.

2.4. Commercial Metering System

Under the Commercial Code, it is NTDC's responsibility to verify meter readings under NTDC's standard operating procedures in accordance with the Grid Code. NTDC shall also provide CPPA (G), *inter alia*, information of installed metering systems, commissioning and testing and information resulting from monthly Meter Reading. We note that under the novated/assigned PPAs, our contractual relationship would be with CPPA (G). Therefore, we seek assurance that the obligations of CPPA (G), under the novated/assigned PPAs, will not be affected by this Clause – we would consider the Metering System as an internal matter of CPPA (G) and NTDC.

2.5. Settlement and Billing

It is provided in Clause 8.1.1 of the Commercial Code that *"CPPA-G shall follow the same procedures for settlement and billing, as stated below, followed by CPPA of NTDC, for a transition period not longer than two years. At end of that period new procedures described in clauses 8.2 to 8.8 shall come into effect."* We note that Clause 8.1 primarily deals with the interrelation between CPPA (G) and NTDC regarding settlement and billing; reference is alluded that the number of working days provided in the PPA will be complied with by CPPA (G) and NTDC. We also note that billing and settlement is now removed from NTDC's Transmission License. We request your clarity on the proposed arrangement of settlement and billing during the interim period subsisting before the novated/assigned PPAs are executed.

Clause 8.2.1 of the Commercial Code states that CPPA (G) will, during the transition period, *"draft the settlement commercial Standard Operating Procedures corresponding to 8.2 and when approved after consultation, shall be published on the CPPA-G website."* Guidelines for the new settlement and billing procedures is also provided. We would like to confirm whether the Company would have the opportunity to review and comment on the settlement and billing procedures of the post-transition period before the same are approved.

2.6. Market Settlement System

We note that CPPA-G will be administering a *"Market Settlement System"*. We would like to clarify if this is merely an internal market system relating to calculating settlement of PPAs and NTDC Use of System Charges as the scope of this system is not clearly defined in the Commercial Code.

2.7. Settlement Statements

Clause 8.5.1 of the Commercial Code provides that within “*ten (10) working days of the beginning of each month, the CPPA-G shall send to each Market Participant, a Preliminary Settlement Statement, through electronic mail*”. This Preliminary Statement shall, for generation companies, include “*the net energy and, when applicable, generation capacity bought or sold in accordance to invoice and each PPA, and total for the Participant generator*”

If the Market Participant finds an error or discrepancy within the Preliminary Settlement Statement, a claim shall be raised with CPPA (G) within “*five (5) working days after receiving the Preliminary Settlement Statement*”. Upon receipt of this claim, CPPA (G) shall “*notify affected Market Participants of the claimed error or discrepancy in the Preliminary Settlement Statement and whether or not the claimed error or discrepancy will be corrected in the Final Settlement Statement*”. We propose that CPPA (G) should notify the Market Participant of accepting or rejecting the claim made by the Market Participant on the Preliminary Settlement Statement at the earliest – the current language does not stipulate a time period. Furthermore, a Market Participant may only “*challenge the Final Settlement Statement with a valid justification within sixty (60) working days after its receipt. This complaint may relate to:*

- (i) *The registered quantities, or*
- (ii) *The settlement amounts, either in Market Transactions, NTDC Use of System charges, CPPA-G Market Operation Fee, interest charges for late payments or deposits/withdrawals from the Escrow Accounts.*

We note that Market Participant can only challenge the Final Settlement Statement on the aforesaid grounds. This process may be unnecessarily delayed since the Market Participant is only allowed to formally challenge after the issuance of the Final Settlement Statement. Furthermore, this is also not in line with the PPAs and curtails the rights of the Company since the period in which dispute may be raised under a PPA is much longer and the remedies available are also much wider.

2.8. Invoicing

Clause 8.8.1 states that within “*5 working days after the Final Settlement Statement:*

- (i) *Issue the invoice for the previous month for the Distribution Companies, indicating the charge that each shall pay. This amount will be coincident with the final Settlement Statement, which at the same time will act as a description of the detailed calculations.*

- (ii) *Each Generation Company shall submit an invoice as per its PPA with or novated to or administered by CPPA-G for the previous month indicating the payment due to each Generation Company. This invoice shall include the data and description of the details of calculations."*

Under the aforesaid provision, it can be implied that the submission of the invoice is contingent on the Final Settlement Statement being submitted by CPPA (G). We would like to state that the Generation Company shall be submitting its invoices in accordance with the PPA – irrespective of whether the Final Settlement Statement has been submitted by CPPA (G).

Clause 8.8.1(ii) of the Commercial Code states that "*each Generation Company shall submit an invoice as per its PPA with or novated to or administered by CPPA-G...*" Hence, invoice can only be submitted to CPPA (G) when the PPA is with, novated to or administered by CPPA (G). As we have already mentioned, the position of the Company if its PPA is not novated to CPPA-G should be clarified. In case CPPA (G) is to administer their payments, it should be specified that the same is without prejudice to all terms of the relevant PPA and the rights of the Company thereunder. Further, the terms on which any administration functions are performed by CPPA-G should be made known to the Company and the respective obligations of WAPDA, NTDC and CPPA-G should be clear, which should not be lesser than the existing obligations of WAPDA or NTDC under the relevant PPAs.

2.9. Agent of DISCOs

Clause 8.8.2 of the Commercial Code provides that:

"The CPPA-G in this process, shall act as an agent of DISCOs without assuming payment responsibilities. Payment and debts shall remain with the DISCOs. CPPA-G shall not be held liable for non-payment of Market Participants."

We wanted to inquire how the aforesaid provision would work in accordance with the new PPAs. We are of the view that CPPA (G) would be taking the payment obligations on behalf of the DISCOs. For all practical purposes, the payment obligations between CPPA (G) and the relevant DISCO is an internal matter. The Generation Companies will be signing the PPA with CPPA (G) so the payment obligations mentioned therein should not be assumed to have been passed through to the DISCOs pursuant to this provision of the Commercial Code. We request that NEPRA provides clarity in this matter by stating that CPPA (G) is shouldering the responsibility of non-payment and its subsequent consequences thereof as per the PPA.

2.10. Payment System

We note Clause 9 of the Commercial Code highlights the payment system for both the initial and the new settlement procedures. Clause 9.1.1 states that the *“Settlement and Payment procedures to be initially followed by CPPA-G shall be based on the procedures currently being followed at CPPA of NTDC, as detailed in Annexure 3 for a transition period as defined in 8.1.1.”* Therefore, as long as identical settlement procedures are adopted by CPPA (G) as those currently employed by CPPA of NTDC, the Generation Companies would have no issue.

However we note that the *“Demand Form and its Contents”* and *“Daily Payment Instructions”* in particular provide an alternate mechanism as opposed to the terms of the PPA of the Company. The current practice is on *“first in first out basis”* and both the capacity payment price and the energy payment price for the months become payable in totality after 25 days after the issuance of the invoice. We note that this derogates our rights significantly under our PPA so we request that, based on what we have already provided in Paragraph 2.1 above, this is either corrected in the Commercial Code or a consistent approach, as per the PPA, is adopted instead.

Furthermore, we note that Clause 9.1.2 provides that *“new procedures for paying invoices will apply as described in 9.2, 9.3 and 9.4 of this Commercial Code”*. Once the same is finalised, we would like to ensure that the same is consistent with the PPA and we request that Generation Companies are granted adequate time to review the same and provide any necessary comments, if required.

Once CPPA (G) has determined that the payments have been made in full by the DISCOs, it shall *“transfer the payment to Generation Companies and NTDC as the amounts reflected in the Final Settlement Statement”*. We request that Commercial Code specifically states that the payment is made strictly in accordance with the timelines of the PPA. The Commercial Code puts in place a detailed mechanism of how the payments will be structured but in the midst of formulating this system the Generation Companies need to have complete confidence that this system will not result in the deadlines under the PPA being neglected.

Clause 9.4.5 of the Commercial Code highlights the payment priority list. Based on the assumption that collection from DISCOs does not change, the payment waterfall mechanism proposed will not leave enough amount to be paid to Generation Companies for its capacity and interest payments. There has already been considerable delay in interest payments, and in the case of the Company, we have not been paid interest for nearly two years. If the aforesaid proposal is implemented, it is likely that Generation Companies will not receive interest payments. We propose that the payment waterfall be changed and emphasis should be made to harmonize the payments with PPA provisions.

3. The Licensee Proposed Modification

3.1. The Licensee Proposed Modification proposed by NTDC to its Transmission License was submitted to NEPRA on 16 May 2015 (the “LPM”). The LPM had proposed various changes to the NTDC’s and while most of those changes have been referred to above, some of our comments on the LPM are mentioned below.

3.2. Definition of Power Purchase Agreement

The definition of the Power Purchase Agreement has been inserted in the Transmission License. We understand the rationale for this change but would advise that the definition be more clear and categorically list all the EPA/PPAs that have been executed by NTDC/WAPDA.

3.3. Procurement of Electric Power

We note that the power to enter into documents pertaining to the procurement of electrical power is being removed from NTDC’s Transmission License and a more limited scope of NTDC has been proposed.

NTDC can now only “*transfer or novate*” the PPAs with the IPPs. However, has this Novation Agreement been discussed with all IPPs? It needs to be considered whether all the IPPs would be satisfied with this arrangement. We need to be given ample time to review the draft transfer/novation agreement and ascertain if the key concerns of the Company are adequately catered for. This is also important because it needs to be considered if IPPs do not sign the Novation Agreement – we are unsure if NTDC has already transferred the managements of the billing and settlement functions pursuant to the Business Transfer Agreement. In relation to the above, we would like to see a copy of the Business Transfer Agreement to see the Company’s future relations with NTDC and CPPA (G).

CONCLUSION

We would like to conclude by stating that the Company supports the new initiative which is intended for the benefit of opening up this sector and as long as all our concerns are adequately addressed, we would support this initiative. We appreciate NEPRA’s approach and would like to facilitate and assist NEPRA as far as possible. In this regard, the Company is willing to provide any further commercial, financial, legal, technical or operational input to NEPRA if it requires.

PAKGEN POWER LIMITED

(FORMERLY AES PAKGEN (PRIVATE) COMPANY)



For information & reply to.

— Dir (Lic)

GAH:

— SA (Tech)

— LA (LIC)

— D/Gen-I/SAR

— m/f

cc: chairman
vc/m (ca),
m (T),
m (m & E),
m (Li)

PG/NEPRA/15/9171

August 04, 2015

Mr. Iftikhar Ali Khan
Deputy Registrar NEPRA Office Building,
G-5/1, Ataturk Avenue (East),
Islamabad

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

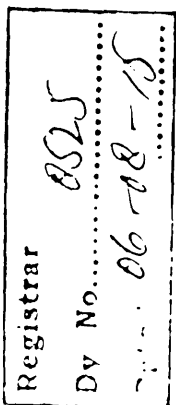
Dear Sir,

This is with reference to your letter dated July 16, 2015 on the subject, which was received by us on July 24, 2015.

As you are well aware, it is a matter of record that LalPir Power Limited (the Company) operates under a Generation License IPGL/07/2003 dated August 26, 2003 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated September 05, 1995 (the PPA) with Water and Power Development Authority ("WAPDA") for a period of 30 years and an Implementation Agreement dated September 24, 1994 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. It may be noted that since inception, the Company has dealt with WAPDA as a counter party to the PPA and WAPDA continues to be responsible for fulfilling the terms of the PPA. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of WAPDA's obligations under the PPA. The Company is also not aware of arrangement, if any, that WAPDA may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the



HEAD OFFICE
REGISTERED OFFICE
POWER STATIONS

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Nishat Group

Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,

Ghazanfar Husain Mirza
Chief Executive Officer

FFC ENERGY LIMITED

Ref No: FEL/CPP/1

Dated: August 03, 2015

To,
Registrar,
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY,
2nd floor OPF Building,
Sector G-5/2,
Islamabad.

SUBJECT: COMMENTS ON MODIFICATION-II IN THE TRANSMISSION LICENSE OF NATIONAL TRANSMISSION AND DISPATCH COMPANY LIMITED (NTDC)

Dear Sir,

This is with reference to your letter to Stakeholders and Generation Licensees' dated 16th July 2015 in connection with NTDC's Licensee Proposed Modification. We hereby submit our comments on NTDC's LPM that was approved by the National Electric Regulatory Power Authority (NEPRA) through Determination dated May 29, 2015.

Best Regards,

For information & up a n.
— Dis (Lic)
Copy to:
— SA (Tech)
— SAT -I
— m/f
cc: chairman
vc/m (CA)
m(T)
m(MAE)
m(Lic)
Discus.

Brig Muhammad Naeem SI(M) Retd
Project Director WPP

Discus.
SAT -I
Amir
TA

6/8/15

Registrar	2325
DY NO.	64-68-15
Dated	03-08-15

NEPRA
Licensing Division
Diary No. 5182
Date: 03-08-15

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

COMMENTS ON NTDC'S LICENSEE PROPOSED MODIFICATION

ON BEHALF OF

FFC ENERGY LIMITED

IN RELATION TO THE DETERMINATION BY NATIONAL ELECTRIC POWER REGULATORY AUTHORITY IN
THE MATTER OF MODIFICATION-II IN THE TRANSMISSION LICENSE OF NATIONAL
TRANSMISSION AND DISPATCH COMPANY LIMITED DATED MAY 29, 2015.

DATED: 27TH JULY, 2015

1. GROUNDS FOR COMMENTS

- 1.1 FFC Energy Limited (FFCEL), a company organized and existing under the laws of the Islamic Republic of Pakistan, established Pakistan's first Wind Power Project at Jhampir which achieved Commercial Operations Date on 16 May, 2013. FFCEL's 49.5 MW Wind Power Project was granted Generation License WPGL/09/2010 by NEPRA on August 27, 2010.
- 1.2 FFCEL also entered into an Energy Purchase Agreement (EPA) with National Transmission & Despatch Company Limited (NTDC) through its Central Power Purchasing Agency (CPPA)) on April 05, 2011 and the payment obligations of NTDC/CPPA under the EPA are backed by a sovereign guarantee (GOP Guarantee).
- 1.3 On April 08, 2015, NTDC submitted its Licensee Proposed Modification (LPM) for modification of its license in order to separate its market operation portfolio and entrusting the same to Central Power Purchasing Agency (Guarantee) Limited (CPPAG). The said LPM was finally determined by NEPRA on May 29, 2015 (Determination).
- 1.4 NEPRA has been requested by Stakeholders/Generation Licensees to reconsider its Determination, and NEPRA has accordingly invited review petitions and comments.
- 1.5 It is our understanding that power market reforms have been on the Government of Pakistan's (GOP) agenda since the late 1990's when WAPDA was split to set up separate entities responsible for power generation, distribution and transmission. NTDC's license reflects such intention by setting forth directions for NTDC to move towards a more competitive market, where eventually there will be more than one power procurement entity in the market also known as the Single Buyer Plus (SBP) model. However, pursuant to Transmission License No.TL/01/2002 (License) this transition was to be achieved over a period of time and till then NTDC is to procure power from power generators through its designated department/unit called the Central Power Purchasing Agency (CPPA). Terms of NTDC's License (prior to the subject modification) indicated that CPPA's function will eventually be performed by a separate entity, and this is presumably where CPPAG fits into market reforms.
- 1.6 Furthermore, we understand that once NTDC's License is modified and CPPAG is operationalized, the latter will take over the existing role currently being performed by NTDC (through CPPA) and additionally act as the administrator for developing a competitive market. NTDC will continue to perform its functions as System Operator and Transmission Network Owner and Operator. CPPAG is the future market operator and power procurement agency.
- 1.7 It is imperative for interested parties to understand the precise implications of the same before any modification to the NTDC License takes place.
- 1.8 It is humbly submitted that no modification to the NTDC License be approved till such time that concerns of Stakeholders/Generation Licensees are addressed.

2. COMMENTS

2.1 Effect of the proposed modification on FFCEL

A bare reading of modifications sought by NTDC in its LPM suggests that the EPA will be novated to CPPAG, but novation will be phased. The order of novation is unclear from the LPM, but NTDC is expected to sign a Business Transfer Agreement with CPPAG whereby during the transitional period CPPAG will become responsible for billing and settlement under the existing EPA. Accordingly, we presume that all Independent Power Producer's (IPP) such as FFCEL will be notified when to start billing CPPAG. Eventually all EPA's will be novated to CPPAG and NTDC/CPPA's rights and obligations under the EPA will stand transferred to CPPAG.

It is our view that the NTDC License should set a final date for novating all EPA's to CPPAG to ensure that the transitional period is short and minimum confusion/difficulty is caused because of the spilt in billing and other responsibilities under the PPA. Importantly, the novation should only be effective after the revised GOP Guarantee (guaranteeing the obligations of CPPAG) is issued and is effective (including completion of other lender requirements).

Prior to novation of the EPA, FFCEL (and other IPPs) will need to obtain necessary lender approvals, including the assignment of the new guarantee in favour of lenders.

Generation Licensees must have greater clarity on how the aforesaid matters will be proceeded with.

2.2 Allocation of Risks and Responsibilities

GOP must decide where transmission risk will fall after CPPAG is operationalized. Once CPPAG takes charge of existing and new EPA's, presumably NTDC will not be privy to such agreements. In view of the foregoing, the GOP will need to place such risk with CPPAG and a back-to-back arrangement between CPPAG and NTDC will have to be put in place, where responsibilities are properly allocated. Similarly, under the EPA's it is the purchasers (i.e. NTDC/CPPA) responsibility to furnish information with respect to transmission facilities so as to allow the IPP to undertake its obligations. Once the EPA is novated, such responsibility will also need to be assigned to CPPAG. What is critical is that the CPPAG will assume all responsibilities (and liabilities) of NTDC under the EPA, guaranteed by the GOP under the GOP Guarantee. Revised documentation should be made available at the earliest allowing sufficient time for all stakeholders to review and finalize.

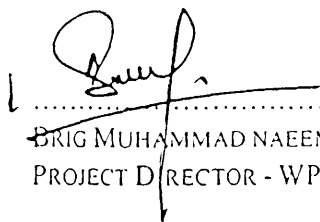
2.3 Sector Regulator

NEPRA laws only grant NEPRA the authority to issue licenses for power distribution, generation and transmission. NEPRA currently holds no authority to issue licenses to or regulate entities that perform power procurement functions. If CPPAG is to be charged with the responsibility of power procurement and existing Purchase Agreements are novated to the entity, it must also be

regulated by the market regulator. CPPAG should not be operationalized till such time that the market regulator is granted authority to oversee CPPAG's functioning.

Any consents/licenses that have been issued to the IPPs for specifically dealing with NTDC/CPPA may need to be reissued or modified.

RESPECTFULLY SUBMITTED FOR AND ON BEHALF FFC ENERGY LIMITED


.....
BRIG MUHAMMAD NAEEM SI(M) RETD
PROJECT DIRECTOR - WPP

INDEPENDENT POWER PRODUCERS ADVISORY COUNCIL

House # 23, Street # 26
Sector F-8/1
Islamabad, PAKISTAN.



Tel : +92 51 2287511-12
Fax : +92 51 2287513
E-mail: ippac@live.com

Mr. Iftikhar Ali Khan

Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

For information & August 05, 2015
— DAB (L) mfa
— SA (Tech)
— LA (L) — DAB (L) — m (T) — m (M&E) — m (L)

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

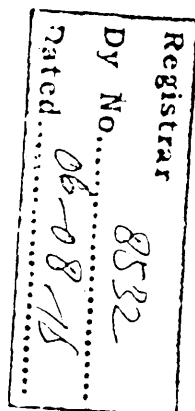
This is with reference to your letter dated 16 July 2015 on the subject, which was sent to various Independent Power Producers (the "IPPs"). Being the representative body of the IPPs, we would like to bring certain matters on record with respect to the subject matter.

We reiterate the comments of our earlier letter dated June 15, 2015 on the subject.
(Copy enclosed)

As you are well aware, it is a matter of record that all IPPs have entered into Power Purchase Agreements (the "PPAs") with Water and Power Development Authority ("WAPDA") in the case of projects under the 1994 power policy and those prior to that and with the National Transmission and Dispatch Company ("NTDC") in the case of projects under the 2002 power policy. Each of the PPAs is backed by Implementation Agreement (the IA) with the Government of Pakistan (the GOP) and the obligations of the Power Purchaser (WAPDA or NTDC, as the case may be) are secured by respective sovereign guarantees (the Guarantees). The aforementioned documents set out the rights and obligations of the IPPs for the respective durations of their projects.

It would therefore be a matter of concern for the IPPs in case any change whatsoever is made to the said arrangement without the consent of the IPPs. Accordingly, with respect to the subject matter and particularly in the case of IPPs that have signed their PPAs with NTDC, it is critical that NTDC, at all times, must continue to have the power and authority under its licenses to fulfil all its obligations towards the relevant IPPs under and in terms of their PPAs for the entire term of such PPAs.

It may further be noted that the IPPs continue to treat NTDC or WAPDA (as the case may be) as counter party to the PPAs for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the IPPs have had no discussions or communication with any third party in relation to performance of NTDC's or WAPDA's obligations under the PPAs. The IPPs are also



not aware of arrangement, if any, that NTDC or WAPDA may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the IPPs are concerned unless the same is shared with and consented to by individual IPPs.

We also note that in the letter sent to the IPPs, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the IPPs rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPAs. Any and all provisions in the Rules or the Code that are either not in accordance with the PPAs or other documents such as the IAs, Guarantees and the license under which the IPPs operate or otherwise prejudice or adversely affect the IPPs are neither acceptable to the IPPs nor the IPPs acquiesce to the same.

Therefore, in view of the above, it is submitted that it must be ensured that the concerned entity i.e. NTDC or WAPDA, remains, at all times, fully empowered to meet its obligations under the PPAs for the entire term of the PPAs. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the IPPs under the PPAs or any of the existing documents such as the IAs, Guarantees or the licenses.

The IPPs reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, it is requested that adequate opportunity is granted for the same.

Thanking you
Best regards



Qasim M. Niaz
Chief Executive Officer
Independent Power Producers Advisory Council



Cc:-

- (1) Secretary, Ministry of Water and Power, A-Block, Pak Secretariat, Islamabad
- (2) Managing Director, NTDC, WAPDA House, The Mall, Lahore
- (3) Managing Director, PPIB, 50 Nazimuddin Road, F-7/4, Islamabad



JAMSHORO POWER COMPANY LIMITED

(A GOP OWNED CORPORATE ENTITY)

CHIEF EXECUTIVE OFFICER

No. CEO/JPCL/ 11559-65

Dated 30-07-2015

Muhammad Saulat Ali,
Section Officer (IPPs)
Ministry of Water & Power,
GOP Islamabad.
Tel: 051-9223090

For information & n/a h.
- Bux (Lia)
Gp. 10:
- SA (Tech)
- SAT - I - m/f

03.08.15
cc: chairman
vc/m (G),
m (T) - m (M & E) - m (G)

SUBJECT: MODIFICATION-II IN THE TRANSMISSION LICENCE OF NATIONAL TRANSMISSION AND DISPATCH COMPANY LIMITED (NTDC).

Reference: Your office Letter No. IPPs-G- (Misc) / 2015 Dated 24-07-2015.

This is with reference to above referred letter; it is informed that JPCL has no concerns in the modification for separating Central Power Purchase Agency as CPPA-G for performing function in accordance with the NEPRA Rules 2015.

The JPCL has already signed PPA with CCPA-G on dated 28-07-2015.

This is for your information please.

[Handwritten signatures and initials]
Chief Executive Officer
JPCL, Jamshoro

Distribution:

1. Secretary Ministry of Water and Power, Room No. 202-203, 2nd Floor. Block-A Pak Secretariat, Islamabad. Fax No. 051-9206272
2. Joint Secretary, (Transmission) Ministry of Water & Power, Room No.235, 2nd Floor, A Block Pak Secretariat Islamabad, Pakistan (Fax-051-9103953)
3. Joint Secretary, (Finance) Ministry of Water & Power, Room No.241, 2nd Floor. A Block Pak Secretariat Islamabad, Pakistan (Fax-051-9214273)
4. Registrar Nepra ,NEPRA Office Building,G-5/1,Attaturk Avenue (East),Islamabad (Fax-051-2600026)
5. Chief Executive Officer, Genco Holding Company Limited, House No.22, Street No.10, Sector F/8-3,Islamabad (Fax -051-2287019)
6. Chief Financial Officer, JPCL, Jamshoro.

Registrar	8237
Dy No.	03-08-15
Dated	03-08-15

NEPRA
Licensing Division
Diary No: 5461
Date: 4-8-15



CMEC POWER (PRIVATE) LIMITED

西麥克電力有限公司

House No. 3, Street No. 25, F-7/2, Islamabad. Phone: +92 51 2609710; Fax: +92 51 2609709

Date: 31 July 2015

Our Ref: CPPL-0016

Your Ref: NEPRA/ R/ DL/ LAT-01/ 0615-10874

Registrar

National Electric Power Regulatory Authority

NEPRA Tower, Ataturk Avenue (East), G-5/1, Islamabad

SUBJECT: MODIFICATION-II IN THE TRANSMISSION LICENSE OF NATIONAL

TRANSMISSION AND DISPATCH COMPANY LIMITED (NTDC)

Dear Sir,

We refer to your letter dated 16 July 2015 with Reference no. NEPRA/ R/ DL/ LAT-01/ 0615-10874, which was received by us on 23 July 2015. As per your instructions, we were requested to file review petitions/give specific concern within the period of two (02) weeks from the receipt of the above letter.

Following are our specific concerns as an IPP,

1. What is the incorporation and licensing status of the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)?

From the Authority's determination dated May 29, 2015, CPPA-G will operate as a separate entity to take over the agency functions (power procurement on behalf of ex-WAPDA DISCOS and the function of settlement, administration and development of competitive power market) of NTDC.

Has CPPA-G been officially incorporated, licensed as Market Operator and ready to function? When will the transferring process (including transferring of all assets, contractual rights and liabilities of the CPPA under NTDC) be completed? Incorporation data and financial statements of CPPA-G will be required as part of the due diligence by banks and the generation companies.

2. When will CPPA-G Start Negotiations and Signing of PPA with IPPs?

NEPRA
Licensing Division
Diary No: 615-15
Date: 4-8-15

Registrar 8230
By No: 03-28-15
Date: 03-28-15

For information & info
Div (4-1)
Ch b:
SAC (R&H)
SFT-I
Enlight (Gen & Tr)
DIRG-I / SAC
Pick check
Projecting on
Rtg Ro. of
cc: chairman
vc/m(OA)
m(T)
m(M&E)
m(L-1)

Discuss
I will
TA



CMEC POWER (PRIVATE) LIMITED
西 麥 克 電 力 有 限 公 司

House No. 3, Street No. 25, F-7/2, Islamabad. Phone: +92 51 2609710; Fax: +92 51 2609709

We noticed that recent PPAs with IPPs were negotiated and signed by NTDC (through Central Power Purchasing Agency). When will CPPA-G officially start to negotiate and sign PPAs with IPPs?

3. Impact on the Power Purchaser's Obligations under the PPAs

Apart from the take-or-pay obligations of the Power Purchaser under the PPA, there are other obligations of the Power Purchaser such as 1) delivery of electrical power during commissioning, start-up and emergencies of the power plant, 2) design, construction, financing, completion and commissioning of the Power Purchaser Interconnection Facilities, etc., which are functions of NTDC. CPPA-G shall continue to assume these obligations under the PPA, even though these are functions of NTDC.

Best regards

Su Guanglei

Director

CMEC Power (Private) Limited

APL/CC/Neptra-LPM/3/2015
August 5, 2015

Mr. Iftikhar Ali Khan,
Deputy Registrar,
NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

For information & n/a
— Dir (Lic)
6 p 10
— SA (Tech)
— D/Reg-I/SAR
— LA (C&D)
— MLE
06.08.15
cc: chairman
vc/m (CA)
m (T) - m (M&E) - m (Lic)

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter no. NEPRA/R/DL/LAT-01/10615-10874 dated July 16, 2015 on the subject, which was received by us on July 22, 2015 and our letter no. APL/CC/Neptra-LPM/2/2015 dated June 10, 2015 on the subject.

As you are well aware, it is a matter of record that Atlas Power Limited (the **Company**) operates under a Generation License dated May 7, 2007 (the **License**). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated September 6, 2007 (the **PPA**) with National Transmission and Dispatch Company Limited (NTDC) for a period of 25 years and an Implementation Agreement dated September 18, 2007 (the **IA**) with the Government of Pakistan (the **GOP**). The obligations of the Power Purchaser are secured by a sovereign guarantee (the **Guarantee**). The aforementioned documents set out the rights and obligations of the Company for the duration of the project and entire term of the PPA.

It would therefore be a matter of concern and not acceptable to the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, have and must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is consented by the Company.

Registrar	25/5
By No.	06-08-15
Date	

f. Tahir Nigini

Atlas Power Limited

Registered Office: 26 / 27 km, Lahore Sheikhpura Road, Sheikhpura.
Ph: (056) 3406194-98, 3406355 Fax: (92-42) 37332812

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the arrangement under/ including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,

Tahir Abbas
f Maqsood A. Basraa
Chief Executive Officer

LALPIR POWER LIMITED



NISHAT GROUP

For information & reply

— Dir (Lic)

Gp to:

— SA (Tech)

— D/Reg-I/SAR

— LA (Lic)

— m/f

cc. 08.15

cc: Chairman
vc/m(en)
m(T)
m(M&E)
m(Lic)

LP/NEPRA/15/9170
August 04, 2015

Mr. Iftikhar Ali Khan
Deputy Registrar NEPRA Office Building,
G-5/1, Ataturk Avenue (East),
Islamabad

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated July 16, 2015 on the subject, which was received by us on July 24, 2015.

As you are well aware, it is a matter of record that LalPir Power Limited (the Company) operates under a Generation License IPGL/06/2003 dated August 26, 2003 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated November 03, 1994 (the PPA) with Water and Power Development Authority ("WAPDA") for a period of 30 years and an Implementation Agreement dated September 24, 1994 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. It may be noted that since inception, the Company has dealt with WAPDA as a counter party to the PPA and WAPDA continues to be responsible for fulfilling the terms of the PPA. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of WAPDA's obligations under the PPA. The Company is also not aware of arrangement, if any, that WAPDA may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the

Registrar	8524
By No.	06-08-15
Dated	06-08-15

HEAD OFFICE
REGISTERED OFFICE
POWER STATIONS

1-8, AZZA AVENUE, CANAL BANK, GULBERG-IV, LAHORE. TEL: 92-42-35717090-95 FAX: 92-42-35717233. WEBSITE: www.lalpirpower.com Email: lalpir@lalpir.com
NISHAT HOUSE, 53/A, LAWRENCE ROAD LAHORE. TEL: 111 113 333 FAX: 92-42-3436744
LALPIR POWER LIMITED NEAR VEHMUD KOT, P.O. BOX NO. 39, P.O. 34200 MUZAFFAR GARH, PUNJAB PAKISTAN
TEL: 92-99-2302030 FAX: 92-99-2302030, www.lalpirpower.com



Nishat Group

Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,

Ghazanfar Husain Mirza
Technical Advisor to CEO



SAIF GROUP

SAIF POWER LIMITED

Ref: SPL/NEPRA/2015/24

Mr. Iftikhar Ali Khan

Deputy Registrar NEPRA Office Building,

G-5/1, Attaturk Avenue (East), — D/Rg-1/SAR

Islamabad

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated 16 July, 2015 on the subject, which was received by us on July 22, 2015. In this regard, we reiterate the comments of our earlier letter dated June 10, 2015 on the subject.

As you are well aware, it is a matter of record that Saif Power Limited (the Company) operates under a Generation License dated June 21, 2006 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated April 30, 2007 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) for a period of 30 years and an Implementation Agreement dated July 13, 2007 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain

Registrar
Dy No. 8507
Dated 06-08-15



SAIF POWER LIMITED

SAIF GROUP

provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,

Sohail H Hydari
Chief Operating Officer

At



Nishat Chunian Power Limited

Mr. Iftikhar Ali Khan

Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

For information & n/a pl.
— Dir (Lic)
Sd/-
06.08.15
c: channay
vc/m(a)
m(T)
m(m&E)
m(Lic)
— SACTech
— D/Rg-I/SAR
— LA (Lic) - m/c
NCPL/3700
August 05, 2015

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on July 22, 2015. In this regard, we reiterate the comments of our earlier letter dated June 10, 2015 on the subject

As you are well aware, it is a matter of record that Nishat Chunian Power Limited (the Company) operates under a Generation License dated September 26, 2007 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated November 13, 2007 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) for a period of 25 years and an Implementation Agreement dated September 15, 2007 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

Register	8512
Dy No.	06-08-15
Dated	06-08-15



Nishat Chunian Power Limited

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. For example, as per section 9.4.5 of the proposed Commercial Code a payment priority list is being implemented, whereby payment of Capacity Invoices and Delay Payment Invoices shall be given least preference and considering the cash shortfalls and circular debt, there would be no payment to IPPs under this head. This priority payment list, is against the provisions of PPA [section 9.6 (a) (f)], which states that all invoices shall be paid on First in First out (FIFO) basis. Therefore, any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,
For Nishat Chunian Power Limited

Fot Farrukh Ifzal
Managing Director





Nishat Chunian Power Limited

Mr. Iftikhar Ali Khan

Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

For information & n/a pl.
— Dir (Lic)
Sd/-
06.08.15
c: channay
vc/m(a)
m(T)
m(m&E)
m(Lic)
— SACTech
— D/Rg-I/SAR
— LA (Lic) - m/c
NCPL/3700
August 05, 2015

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on July 22, 2015. In this regard, we reiterate the comments of our earlier letter dated June 10, 2015 on the subject

As you are well aware, it is a matter of record that Nishat Chunian Power Limited (the Company) operates under a Generation License dated September 26, 2007 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated November 13, 2007 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) for a period of 25 years and an Implementation Agreement dated September 15, 2007 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

Register	8512
Dy No.	06-08-15
Dated	06-08-15



Nishat Chunian Power Limited

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. For example, as per section 9.4.5 of the proposed Commercial Code a payment priority list is being implemented, whereby payment of Capacity Invoices and Delay Payment Invoices shall be given least preference and considering the cash shortfalls and circular debt, there would be no payment to IPPs under this head. This priority payment list, is against the provisions of PPA [section 9.6 (a) (f)], which states that all invoices shall be paid on First in First out (FIFO) basis. Therefore, any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,
For Nishat Chunian Power Limited

Fol Farrukh Ifzal
Managing Director



ENGIE

For information & reference

Uch-II Power (Private) Limited

48, Khasi Road & Iqbal Main Margulla Road

F-7/2 Islamabad - 44000 Pakistan

Tel: 0092 342 234 711 Fax: 0092 342 234 762

Dir (Lic)

C.A.B.

August 5, 2015

SAG (Tech)

S.A (Lic)

Ittikhar Ali Khan

Deputy Registrar

National Electric Power Regulatory Authority

Islamabad

Dir (Reg - I) SAR

mlf

cc: chairman

vc (m (ca)

m (T)

m (m & E)

m (Lic)

Ref: I.2.9/Corres/ar

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter no NEPRA/R/DL/LAT-01/10615-10874 dated July 16, 2015 on the subject, which was received by us on July 22, 2015.

As you are well aware, it is a matter of record that Uch-II Power (Private) Limited (the Company) operates under a Generation License dated April 27, 2010 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated January 19, 2011 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) and an Implementation Agreement dated January 14, 2011 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counterparty to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

Registrar	8570
Dy No.
Dated	06.08.15

Uch-II Power Station

Qand Mahod Jaffer, District Head Office

Islamabad

Tel: 0092 342 234 711 Fax: 0092 342 234 762

Uch-II Power Station is a private company owned by Uch-II Power (Private) Limited

Uch-II Power (Private) Limited is a subsidiary of Uch-II Power (Private) Limited

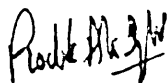
Uch-II Power (Private) Limited is a subsidiary of Uch-II Power (Private) Limited

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Sincerely,



Rodak Iqbal
Chief Executive

cc: Secretary - Ministry of Water & Power
Managing Director - Private Power and Infrastructure Board

Managing Director - National Transmission & Despatch Company
General Manager CPPA

Saqib Hasan/ Farhan Ahmed/ Omair Mohsin - Uch-II

CAIGOLS

KOHINOOR
ENERGY LIMITED



KEL/-04/024/2015
August 6, 2015

Mr. Iftikhar Ali Khan
Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

Subject: **Modification-!! in the Transmission Licence of National Transmission and Dispatch Company Limited**

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on 22 July 2015.

As you are well aware, it is a matter of record that Kohinoor Energy Limited (the Company) operates under a Generation License dated 26 August 2003 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated 8 November 1994 (the PPA) with Water and Power Development Authority ("WAPDA") for a period of 30 years and an Implementation Agreement dated 29 September 1994 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. It may be noted that since inception, the Company has dealt with WAPDA as a counter party to the PPA and WAPDA continues to be responsible for fulfilling the terms of the PPA. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of WAPDA's obligations under the PPA. The Company is also not aware of arrangement, if any, that WAPDA may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain

NEPRA

Licence Division

Copy No. 5234

Date: 16-8-15

Registrar

8586

Dy No.

07-78-15

Date

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KOHINOOR
ENERGY LIMITED

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TSU

provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,

Tatsuo Hisatomi

Chief Executive Officer



LIBERTY POWER TECH LTD.

HEAD OFFICE: A/51-A, S.I.T.E., Karachi-75700 Pakistan.

Tel: (92-21) 32578100-16 (17 Lines), Fax: (92-21) 32564000 - 32561050

E-mail: liberty@libertymillslimited.com

GENERATION SITE: 3km Chiniot Sahianwala Road, Faisalabad-Pakistan.

Tel: (92-41) 8707055-65 (11 Lines), Fax: (92-41) 8707066

Ref: LPTL/NEPRA/15/342

August 5, 2015

Mr. Iftikhar Ali Khan

Deputy Registrar NEPRA Office Building,

G-5/1, Attaturk Avenue (East),

Islamabad

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on July 22, 2015. In this regard, we reiterate the comments of our earlier letter dated June 23, 2015 on the subject.

As you are well aware, it is a matter of record that Liberty Power Tech Limited (the Company) operates under a Generation License dated April 10, 2008 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated July 1, 2008 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) for a period of 25 years and an Implementation Agreement dated June 16, 2008 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

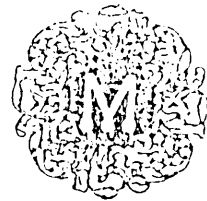
It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of

For information & ref. H.
 Div (Lic)
 G. P. 10:
 07.08.15
 cc: Chairman
 VC/M (CA)
 M (CT)
 M (MPE)
 M (Lic)
 — SAC (Pch)
 — Sanad (Cpr.)
 — LAC (Lic)
 — D/Rg-I/SR - m/f

TR

NEPRA
 License Division
 License No. 52
 Date: 07-08-15

Registrar
 Dy No. 8564
 07-08-15




NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Best regards,


Azam Sakrani
Chief Executive Officer



ALTERN ENERGY LIMITED

Descon Headquarters:

18-km, Ferozepur Road, Lahore.

Tel: +92-42-3599 0034, Fax: +92-42-3540 1938-39

Mr. Iftikhar Ali Khan (Deputy Registrar),
National Electric Power Regulatory Authority ("NEPRA"),
NEPRA Tower,
Attaturk Avenue (East),
Sector G-5/1, Islamabad.

REF: AEL/NEPRA/060815

Date: August 6, 2015

Dear Sir,

Written Comments filed by Altern Energy Limited (the "Company") in relation to NEPRA's Letter NO. NEPRA/R/DL/LAT-01/10615-10874 dated 16 July 2015 (the "NEPRA Letter")

The National Electric Power Regulatory Authority (hereinafter referred to as "NEPRA" or the "Authority") on 16 July 2015 issued the subject NEPRA Letter which was received by the Company on 24 July 2015.

Having reviewed:

- The NEPRA Letter;
- The Determination of NEPRA in the matter Licensee Proposed Modification in the Transmission License No. TL/01/2002 dated December 31, 2002 of M/s. National Transmission & Despatch Company Limited dated 29 May 2015;
- The National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015; and
- The Commercial Code submitted by Central Power Purchasing Agency (Guarantee) Limited on 2 June 2015,

The Company hereby submits, through this letter and the attachments hereto, with the learned Authority, its comments in relation to the aforesaid documents.

The Company is a public limited listed company incorporated and existing under the laws of Pakistan and has set up its power generation facility pursuant to the Energy Policy of 1994.

In view of the foregoing, the Company has drawn upon its experience in preparing these comments in order to provide valuable comments to the Authority. The Company hereby requests that the comments attached to this letter be approved expeditiously by the learned Authority.

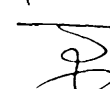
Thank you and with kind regards.

Yours sincerely,
For ALTERN ENERGY LIMITED

Taimur Dawood
Chief Executive Officer

Encl: As above

For information & reply to A.

— Div (Lic) 

Gp to: 07.08.15

— SA (Tech) co: chairman

— Consultant (Tr.) VC (MCA)

— LA (Lic) -D/Reg-I/SAR M (T)

— m/f M (M&E)

M (Lic)

Licensing Division
 Diary No. 5238
 Date: 16.08.15
 Registrar
 Dy No. 8527
 Dated: 16.08.15

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

**WRITTEN COMMENTS IN RELATION TO THE TRANSMISSION
LICENSE OF NATIONAL TRANSMISSION AND DESPATCH COMPANY
LIMITED**

SUMBITTED BY:
ALTERN ENERGY LIMITED

6 AUGUST 2015

ALTERN ENERGY LIMITED
DESCON HEADQUARTERS,
18 KM FEROZEPUR ROAD LAHORE
PHONE # +92 42 35990034
EMAIL: umer.shehzad@descon.com

LEGAL BASIS

These comments are being filed by Altern Energy Ltd. (the “**Company**”) before National Electric Power Regulatory Authority (“**NEPRA**” or the “**Authority**”) pursuant to National Electric Power Regulatory Authority’s Letter No. NEPRA/R/DL/LAT-01/10615-10874 dated 16 July 2015 (the “**NEPRA Letter**”) received by the Company on 24 July 2015 in relation to the: (a) the Determination of NEPRA in the matter of Licensee Proposed Modification in the Transmission License No. TL/01/2002 dated December 31, 2002 (the “**Transmission License**”) of M/s. National Transmission & Despatch Company Limited (“**NTDC**”) dated 29 May 2015; (b) the National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015 (the “**Market Rules**”); and (c) the Commercial Code submitted by Central Power Purchasing Agency (Guarantee) Limited (“**CPPA (G)**”) on 2 June 2015 (the “**Commercial Code**”), as determined by the Authority under, *inter alia*, the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the “**NEPRA Act**”), the Market Rules and the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 (the “**NEPRA Tariff Rules**”), read with other enabling and applicable provisions of NEPRA laws.

The Rules, the proposed amendments to the Transmission License and the Commercial Code have been affected not only to establish CPPA-G as a market operator but also to facilitate the phased transition of the power market from Single Buyer Model to Competitive Market Operation – a long standing objective of the Authority. It is pertinent to highlight that the implementation of the said proposals, including by way of the Market Rules and the Code, are likely to have significant impact on the overall sector.

The Company, an Independent Power Producer (“**IPP**”) and a respected member of this sector, wishes to take this opportunity in light of the discovery of new and important matter of evidence, and on account of other matters apparent on the face of the record, to submit these written comments for the benefit of the Authority.

SPECIFIC CONCERNS IN RELATION TO THE MODIFICATION IN THE
TRANSMISSION LICENSE OF NTDC

1. The National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015

1.1. In order to facilitate the successful incorporation of CPPA (G) into the current power sector and establish it as a market operator, NEPRA issued the Market Rules on 28 May 2015.

1.2. Obligations of the Market Participant towards the Market Operator

It should be noted that Rule 5 provides that “*for a period of two years from the commencement of these rules, CPPA-G shall be deemed to be authorized and registered as the market operator under these rules to commence and conduct the market operations and during this period shall apply for registration in accordance with the provisions of these rules:*”

Provided that CPPA-G shall prior to commencing the market operations and within a period of fifteen days of coming into operation of these rules submit the commercial code to the Authority for its approval and thereafter notification by the Authority in the official Gazette” [Emphasis Added].

We assume that having filed the Commercial Code with the Authority within the time prescribed in the Market Rules (and the same being approved by the Authority), all other formalities required under the Market Rules have also been complied with by CPPA (G) to act as a market operator.

Furthermore, under the Rules, a “*market participant*” is defined as “*any entity, approved by the Authority as generation company, NTDC, “the Ex-WAPDA distribution companies”, Transmission Company or any other entity enlisted by the market operator under the commercial code”* Therefore, we understand that the Company having been issued a generation license by the Authority, is considered as a market participant for the purposes of the Market Rules.

Further to the other rules and regulations issued in pursuance of the NEPRA Act, the Market Rules lists additional requirements that need to be complied with by the market participants. Under Rule 9, each market participant is obligated to:

- (a) comply with the Market Rules;
- (b) comply with the commercial code including billing, collection, payment and settlement mechanisms;

- (c) submit to the system operator and the market operator the information requests pursuant to provisions of these rules, the grid code and the commercial code; and
- (d) pay the market operation fee as per commercial code and such other charges as specified by the Authority.

The Commercial Code provides in Clause 11.1.1 that *“the costs associated with CPPA shall be separated from the calculation of UoSC to form the “CPPA-G Market Operation Fee” that shall be charged to the DISCOs in tandem to the UoSC.”* Furthermore, Clause 6.1.4 of the Commercial Code provides that the Market Operation fee *“shall be charged to Market Participants Representing Demand”*. We note that Market Participants, as defined in the Market Rules, includes *“the Ex-WAPDA distribution companies”* and the Market Participants Representing Demand, as defined in the Commercial Code, refers to the *“ten Ex-WAPDA DISCOS.”*

For the avoidance of doubt, we would like to clarify that the scope of Rule 9(d), as provided above, is limited only to the distribution companies and not intended for generation companies like the Company. If the intention of this Rule is to apply across the board, including generation companies, the Company wishes to inquire about any additional fees and charges the Authority is seeking to apply on generation companies pursuant to this Rule.

1.3. The Company’s Generation Licence

The Authority also clarified in Rule 9(4) that the rights and obligations of the market participants under the Market Rules are in *“addition to and not in derogation of the rights and obligations provided in their respective licence already granted by the Authority”* [Emphasis Added]. Moreover, Rule 18 clarifies that *“Nothing contained in these rules shall in any way affect or diminish the rights of the market participants under their respective licenses already granted by the Authority”*. [Emphasis Added]

The Company was issued the Generation License No. IPGL/021/2004 on 22 September 2004 (as further amended from time to time, the **“Company’s Generation License”**) and it is provided in Article 6(1) therein that *“During the subsistence of the Agreements¹ entered in by the Licensee prior to the enactment of the Act, the Licensee shall have the option to participate in such measures as may be directed by the Authority from time to time for development of a Competitive Trading Arrangement.”*

¹ Agreements is defined in the Company’s Generation License to include both the Implementation Agreement dated 19 July 1995 and the Power Purchase Agreement dated 18 September 1995.

The recent changes in this sector have all been part of the movement towards a more Competitive Trading Arrangement. In light of the aforementioned, our understanding is that the Company is not obligated to participate in the recent changes but has the option of continuing with the current structure as provided in its PPA.

Furthermore, Article 2.2 of the Company's Generation License provides that:

"During the subsistence of the Agreements entered into by the Licensee prior to the enactment of the Act, nothing contained in the Rules or this License shall be applied in a manner which is inconsistent with the Agreements and materially increases the obligations or impairs the rights of the Licensee under the Agreements"

When reading Article 2.2 with Article 6 of the Generation License we can conclude that the intention of the Authority was that the PPA and the Implementation Agreement ("IA") of the Company was of paramount importance and the rights under the Company's Generation License, the PPA and the IA would not be prejudiced by any further developments in the sector.

In addition to the above, we would like to have assurance from WAPDA (and other relevant entities like NTDC or CPPA (G)) that it will continue to provide dispatch to the Company should it choose not to participate in this shift towards a more Competitive Trade Arrangement. We hope that WAPDA continues to ensure that the obligations of WAPDA under the Company's PPA are honoured.

1.4. Power to call for information

By virtue of Rule 12, the Authority may by writing a notice, require *"any director, officer and member of the market operator and the market participant...to furnish...any statement or information or document relating to the business or affairs of such market operator and the market participant."* This Rule potentially has a very wide scope. We request NEPRA to reduce the scope of this Rule by limiting the same to the obligations of the Market Participants under the Market Rules.

1.5. Resolution of Disputes

It should be noted that pursuant to Rule 16, *"[a]ny dispute or disagreement between market operator and market Participant relating to any matter arising out of, or in connection with, the activities covered under the rules shall be submitted for decision to the Authority."* It seems from the above that any dispute between CPPA (G) and the Company are now to be referred to the Authority.

It should also be noted that the Company's PPA already provides for an alternate and a more robust dispute resolution mechanism. Rule 16 directly contradicts the PPA.

An argument can be made that by reading Rule 16, Rule 9(4) and Rule 18 of the Market Rules together with the Company's Generation License (as quoted in Paragraph 1.3 above) the dispute resolution mechanism in the Company's PPA would need to be followed. We request NEPRA to revise Rule 16 to specifically exclude any dispute that falls under the PPA (such dispute shall be resolved under dispute resolution procedures under the PPA). This is particularly important provision not only for the Company but for all future IPP who would not have the benefit of relying on their Generation License for this interpretation.

1.6. Penalty for Non-Compliance

It should be noted that the Rules state "*[i]f any person fails or refuses to comply with, or contravenes any of the provisions of these rules or any direction or order passed by the Authority under these rules or knowingly or willfully authorizes or permit such failure, refusal or contravention, he shall, be punishable with a fine which may extend to 100 million rupees.*" We are of the view that this is an excessive amount of fine which needs to be reduced by NEPRA.

2. Commercial Code

In furtherance of the issuance of the Market Rules, NEPRA has also approved the Commercial Code that was submitted by CPPA (G). This Commercial Code is "*applicable on the existing market structure, i.e. the single buyer model as well as current practices being carried out by the CPPA of NTDC.*"²

The Commercial Code provides that CPPA (G) is "*responsible for the administration, maintenance and implementation of the Commercial Code, supervision of compliance by Market Participants and performing such functions as provided in Schedule II of the Market Rules.*"

2.1. Applicability and Scope

It is provided in Clause 2.2 of the Commercial Code that during the current phase, CPPA (G) shall "*act as the sole agent of Distribution Companies and purchaser of capacity and energy on DISCOs' behalf from the Generation Companies, apart from Small Power Producers or other Generators which have decided to contract bilaterally) with the Distribution Companies, and settle the energy and capacity taken by the Distribution Companies*".

It is important to specifically refer to what would happen to the Company's PPA prior to the PPA being novated or if it is not novated to CPPA (G) altogether. It should be noted that NTDC has removed some of its powers pursuant to the

² Clause 2.1 of the Commercial Code

amendments to its Transmission License. The respective role of NTDC and CPPA-G, in this situation should be explicitly set out.

Furthermore, we would like to confirm if CPPA (G) would also “*settle the energy and capacity taken by the Distribution Companies*” that have already been produced by the Generation Companies but not been paid for by NTDC.

2.2. Conflict with the PPA

It is pertinent to note that Clause 3.2.2 of the Commercial Code provides that all Market Participants (as defined in the Market Rules) “*shall abide by this Commercial Code, however nothing herein shall derogate from the rights and obligations imposed upon any person under any license or regulations issued by Authority, or the provisions in Power Purchase Agreement signed prior to this Commercial Code becoming effective.*” [Emphasis Added] The term “Power Purchase Agreements” is defined in the Commercial Code as “*the agreements signed by WAPDA with an IPP under or prior to 1994 Policy; agreements signed by NTDC with GENCOs and WAPDA Hydel; agreements signed by NTDC, all to procure power on behalf of Distribution Companies and all administered by CPPA-G and all further agreements for procurement or power on behalf of Distribution Companies by CPPA-G*”.

It has been highlighted that in case of any inconsistency of the Commercial Code with the NEPRA Act or the Market Rules, “*the provisions of the Act or Market Rules will prevail up to the extent of the inconsistency.*” It should also be noted that the Commercial Code “*complements the Grid Code and should be read in conjunction therewith.*”

It is noted that Rule 9(b) of the Market Rules provides that each Market Participant shall “*comply with the commercial code including billing, collection, payment and settlement mechanisms*”. The Company is concerned that in light of Rule 9(b) the Company is expected to abide by the terms of the Commercial Code which contravene the PPA that has already been executed.

We would like the Authority to confirm our understanding that if there is ANY conflict or deviation between the Commercial Code and the PPA and the same affects the rights of the Company, the PPA would be complied with. We request an express clarification is made in this regard by the Authority to avoid any potential issues in the future.

2.3. Procedure Proposing Amendments

Clause 3.4 of the Commercial Code provides that CPPA (G) shall establish a Review Panel which “*shall include representatives of Market Participants*” for the purposes of proposing amendments and improvements to the Commercial Code. We would like to confirm if this Review Panel would be permanently constituted and would

take suggestions from generation companies as and when deemed necessary. This would allow the Company and other IPPs to bring in commercial, financial, technical and operational points which would benefit the sector as a whole. Furthermore, we would like to inquire how the members of the Review Panel would be nominated/appointed.

2.4. Commercial Transactions and Transfer Price

Clause 6.1.1 of the Commercial Code provides that:

"The invoices for energy and capacity sold by generation companies, for each billing period, shall be sent to CPPA-G, pursuant to the terms reflected in the Power Purchase Agreements. The current mechanism for the energy and capacity invoicing for Generation Companies is detailed in Annexure 1."

We note that the payment mechanism encapsulated in Annexure 1 of the Commercial Code is based on the take-or-pay arrangement for the IPPs under the Power Policy of 1994. Whilst this may be satisfactory to IPPs on the take-or-pay arrangement, the Company under its PPA (as amended from time-to-time), is on a take-and-pay arrangement. Therefore the computation of the Capacity Payment, which is contingent on the Dependable Capacity, is not possible as the Company is only paid for the Net Electrical Output. We request that the calculation of the energy purchase price and the capacity purchase price is formulated in accordance with the Schedule 6 of the PPA (as amended from time-to-time) of the Company which is summarized for as Annex A to these comments.

2.5. Commercial Metering System

Under the Commercial Code, it is NTDC's responsibility to verify meter readings under NTDC's standard operating procedures in accordance with the Grid Code. NTDC shall also provide CPPA (G), *inter alia*, information of installed metering systems, commissioning and testing and information resulting from monthly Meter Reading. We note that under the novated/assigned PPAs, our contractual relationship would be with CPPA (G). Therefore, we seek assurance that the obligations of CPPA (G), under the novated/assigned PPAs, will not be affected by this Clause – we would consider the Metering System as an internal matter of CPPA (G) and NTDC.

2.6. Settlement and Billing

It is provided in Clause 8.1.1 of the Commercial Code that *"CPPA-G shall follow the same procedures for settlement and billing, as stated below, followed by CPPA of NTDC, for a transition period not longer than two years. At end of that period new procedures described in clauses 8.2 to 8.8 shall come into effect."* We note that Clause 8.1 primarily deals with the interrelation between CPPA (G) and NTDC regarding settlement and billing; reference is alluded that the number of working

days provided in the PPA will be complied with by CPPA (G) and NTDC. We also note that billing and settlement is now removed from NTDC's Transmission License. We request your clarity on the proposed arrangement of settlement and billing during the interim period subsisting before the novated/assigned PPAs are executed.

Clause 8.2.1 of the Commercial Code states that CPPA (G) will, during the transition period, *"draft the settlement commercial Standard Operating Procedures corresponding to 8.2 and when approved after consultation, shall be published on the CPPA-G website."* Guidelines for the new settlement and billing procedures is also provided. We would like to confirm whether the Company would have the opportunity to review and comment on the settlement and billing procedures of the post-transition period before the same are approved.

2.7. Market Settlement System

We note that CPPA-G will be administering a *"Market Settlement System"*. We would like to clarify if this is merely an internal market system relating to calculating settlement of PPAs and NTDC Use of System Charges as the scope of this system is not clearly defined in the Commercial Code.

2.8. Settlement Statements

Clause 8.5.1 of the Commercial Code provides that within *"ten (10) working days of the beginning of each month, the CPPA-G shall send to each Market Participant, a Preliminary Settlement Statement, through electronic mail"*. This Preliminary Statement shall, for generation companies, include *"the net energy and, when applicable, generation capacity bought or sold in accordance to invoice and each PPA, and total for the Participant generator"*

If the Market Participant finds an error or discrepancy within the Preliminary Settlement Statement, a claim shall be raised with CPPA (G) within *"five (5) working days after receiving the Preliminary Settlement Statement"*. Upon receipt of this claim, CPPA (G) shall *"notify affected Market Participants of the claimed error or discrepancy in the Preliminary Settlement Statement and whether or not the claimed error or discrepancy will be corrected in the Final Settlement Statement"*. We propose that CPPA (G) should notify the Market Participant of accepting or rejecting the claim made by the Market Participant on the Preliminary Settlement Statement at the earliest – the current language does not stipulate a time period. Furthermore, a Market Participant may only *"challenge the Final Settlement Statement with a valid justification within sixty (60) working days after its receipt. This complaint may relate to:*

- (i) *The registered quantities, or*

- (ii) *The settlement amounts, either in Market Transactions, NTDC Use of System charges, CPPA-G Market Operation Fee, interest charges for late payments or deposits/withdrawals from the Escrow Accounts.*

We note that Market Participant can only challenge the Final Settlement Statement on the aforesaid grounds. This process may be unnecessarily delayed since the Market Participant is only allowed to formally challenge after the issuance of the Final Settlement Statement. Furthermore, this is also not in line with the PPAs and curtails the rights of the Company since the period in which dispute may be raised under a PPA is much longer and the remedies available are also much wider.

2.9. Invoicing

Clause 8.8.1 states that within “5 working days after the Final Settlement Statement:

- (i) *Issue the invoice for the previous month for the Distribution Companies, indicating the charge that each shall pay. This amount will be coincident with the final Settlement Statement, which at the same time will act as a description of the detailed calculations.*
- (ii) *Each Generation Company shall submit an invoice as per its PPA with or novated to or administered by CPPA-G for the previous month indicating the payment due to each Generation Company. This invoice shall include the data and description of the details of calculations.”*

Under the aforesaid provision, it can be implied that the submission of the invoice is contingent on the Final Settlement Statement being submitted by CPPA (G). We would like to state that the Generation Company shall be submitting its invoices in accordance with the PPA – irrespective of whether the Final Settlement Statement has been submitted by CPPA (G).

Clause 8.8.1(ii) of the Commercial Code states that “*each Generation Company shall submit an invoice as per its PPA with or novated to or administered by CPPA-G...*” Hence, invoice can only be submitted to CPPA (G) when the PPA is with, novated to or administered by CPPA (G). As we have already mentioned, the position of the Company if it’s PPA is not novated to CPPA-G should be clarified. In case CPPA (G) is to administer their payments, it should be specified that the same is without prejudice to all terms of the relevant PPA and the rights of the Company thereunder. Further, the terms on which any administration functions are performed by CPPA-G should be made known to the Company and the respective obligations of WAPDA, NTDC and CPPA-G should be clear, which should not be lesser than the existing obligations of WAPDA or NTDC under the relevant PPAs.

2.10. Agent of DISCOs

Clause 8.8.2 of the Commercial Code provides that:

“The CPPA-G in this process, shall act as an agent of DISCOs without assuming payment responsibilities. Payment and debts shall remain with the DISCOs. CPPA-G shall not be held liable for non-payment of Market Participants.”

We wanted to inquire how the aforesaid provision would work in accordance with the new PPAs. We are of the view that CPPA (G) would be taking the payment obligations on behalf of the DISCOs. For all practical purposes, the payment obligations between CPPA (G) and the relevant DISCO is an internal matter. The Generation Companies will be signing the PPA with CPPA (G) so the payment obligations mentioned therein should not be assumed to have been passed through to the DISCOs pursuant to this provision of the Commercial Code. We request that NEPRA provides clarity in this matter by stating that CPPA (G) is shouldering the responsibility of non-payment and its subsequent consequences thereof as per the PPA.

2.11. Payment System

We note Clause 9 of the Commercial Code highlights the payment system for both the initial and the new settlement procedures. Clause 9.1.1 states that the *“Settlement and Payment procedures to be initially followed by CPPA-G shall be based on the procedures currently being followed at CPPA of NTDC, as detailed in Annexure 3 for a transition period as defined in 8.1.1.”* Therefore, as long as identical settlement procedures are adopted by CPPA (G) as those currently employed by CPPA of NTDC, the Generation Companies would have no issue.

However we note that the *“Demand Form and its Contents”* and *“Daily Payment Instructions”* in particular provide an alternate mechanism as opposed to the terms of the PPA of the Company. The current practice is on *“first in first out basis”* and both the capacity payment price and the energy payment price for the months become payable in totality after 25 days after the issuance of the invoice. We note that this derogates our rights significantly under our PPA so we request that, based on what we have already provided in Paragraph 2.1 above, this is either corrected in the Commercial Code or a consistent approach, as per the PPA, is adopted instead.

Furthermore, we note that Clause 9.1.2 provides that *“new procedures for paying invoices will apply as described in 9.2, 9.3 and 9.4 of this Commercial Code”*. Once the same is finalised, we would like to ensure that the same is consistent with the PPA and we request that Generation Companies are granted adequate time to review the same and provide any necessary comments, if required.

Once CPPA (G) has determined that the payments have been made in full by the DISCOs, it shall “*transfer the payment to Generation Companies and NTDC as the amounts reflected in the Final Settlement Statement*”. We request that Commercial Code specifically states that the payment is made strictly in accordance with the timelines of the PPA. The Commercial Code puts in place a detailed mechanism of how the payments will be structured but in the midst of formulating this system the Generation Companies need to have complete confidence that this system will not result in the deadlines under the PPA being neglected.

Clause 9.4.5 of the Commercial Code highlights the payment priority list. Based on the assumption that collection from DISCOs does not change, the payment waterfall mechanism proposed will not leave enough amount to be paid to Generation Companies for its capacity and interest payments. There has already been considerable delay in interest payments, and in the case of the Company, we have not been paid interest for nearly two years. If the aforesaid proposal is implemented, it is likely that Generation Companies will not receive interest payments. We propose that the payment waterfall be changed and emphasis should be made to harmonize the payments with PPA provisions.

3. The Licensee Proposed Modification

- 3.1. The Licensee Proposed Modification proposed by NTDC to its Transmission License was submitted to NEPRA on 16 May 2015 (the “LPM”). The LPM had proposed various changes to the NTDC’s Transmission License and while most of those changes have been referred to above, some of our comments on the LPM are mentioned below.

3.2. Definition of Power Purchase Agreement

The definition of the Power Purchase Agreement has been inserted in the Transmission License. We understand the rationale for this change but would advise that the definition be clearer and categorically list all the EPA/PPAs that have been executed by NTDC/WAPDA.

3.3. Procurement of Electric Power

We note that the power to enter into documents pertaining to the procurement of electrical power is being removed from NTDC’s Transmission License and a more limited scope has been proposed.

NTDC can now only “*transfer or novate*” the PPAs with the IPPs. However, has this Novation Agreement been discussed with all IPPs? It needs to be considered whether all the IPPs would be satisfied with this arrangement. We need to be given ample time to review the draft transfer/novation agreement and ascertain if the key concerns

of the Company are adequately catered for. This is also important because it needs to be considered if IPPs do not sign the Novation Agreement – we are unsure if NTDC has already transferred the managements of the billing and settlement functions pursuant to the Business Transfer Agreement. In relation to the above, we would like to see a copy of the Business Transfer Agreement to see the impact on the Company's future relations with NTDC and CPPA (G).

CONCLUSION

We would like to conclude by stating that the Company supports the new initiative which is intended for the benefit of opening up this sector and as long as all our concerns are adequately addressed, we would support this initiative. We appreciate NEPRA's approach and would like to facilitate and assist NEPRA as far as possible. In this regard, the Company is willing to provide any further commercial, financial, legal, technical or operational input to NEPRA if it requires.

NISHAT POWER LIMITED



NISHAT GROUP

August 05, 2015

Mr. Iftikhar Ali Khan
Deputy Registrar
National Electric Power Regulatory Authority,
NEPRA Tower, Ataturk Avenue (East) G-5/1,
Islamabad.

Fax No. 051 2600026

Subject: Modification-II in the Transmission Licence of National
Transmission and Dispatch Company Limited

For information to my P1.
— Dir (Lic)
Gpu. n.
— D/R-I/SAR
— SA (Goch) - LA (ED)
— Consult (Tr.) - M/F
cc: chairman
vc/m (CA)
MCT
M (in AE)
M (L-)

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on July 22, 2015. In this regard, we reiterate the comments of our earlier letter dated June 10, 2015 on the subject (copy enclosed).

As you are well aware, it is a matter of record that Nishat Power Limited (the Company) operates under a Generation License dated September 26, 2007 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated November 13, 2007 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) for a period of 25 years and an Implementation Agreement dated September 15, 2007 (the IA) with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

Registrar	8513
Dy No.	06-88-15
Dated	06-08-15

NISHAT POWER LIMITED



We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. For example, as per section 9.4.5 of the proposed Commercial Code a payment priority list is being implemented, whereby payment of Capacity Invoices and Delay Payment Invoices shall be given least preference and considering the cash shortfalls and circular debt, there would be no payment to IPPs under this head. This priority payment list, is against the provisions of PPA section 9.6 (a) (f), which states that all invoices shall be paid on First in First out (FIFO) basis. Therefore, any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

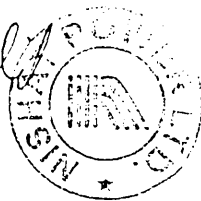
Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,
For Nishat Power Limited

M. Tanvir Khalid

Tanvir Khalid
Chief Financial Officer



Encl. As Above.

NISHAT POWER LIMITED



10 June 2015

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

Fax No. 051 2600026

Subject: Comments/ Objection of the Determination dated 29-5-2015 of the National Electric Power Regulatory Authority in the Matter of Modification-II in Transmission License No. TL/01/2002

Dear Sir,

1. The Company is an Independent Power Producer (the "IPP") and is operating a complex having a capacity of 200 MW (gross ISO) located at 66 KM Multan Road Jambar Kalan, in District Kasur, Near Lahore. In this respect, the Company had obtained from the Authority a generation license dated September 26, 2007 bearing No. IGSPL/15/2007 for a period of 25 years. Further, the Company has also entered into a Power Purchase Agreement dated 13th Day of November 2007 (the "PPA") with National Transmission & Dispatch Company ("NTDC"), having a transmission license dated 31-12-2002 (the "Original License") issued by the Authority.
2. It is understood that on account of certain developments, NTDC applied for a modification of its license vide Modification Application (the "Modification Application") (appended as Annex-A hereof) to the Authority. Further, as required in terms of NEPRA (Application and Modification Procedure) Regulations, 1999 (the "1999 Regulations"), the proposed modification was published in the newspapers on 16-5-2015, inviting comments from the public within fourteen (14) days from the date of publication (appended as Annex-B hereof). As per the said publication, the statement of the reasons in support of the modification states *inter alia* that "...while the power generation entities are finalizing their arrangements with CPPA (G), the CPPA functions are no longer required to be housed at NTDC".

NISHAT POWER LIMITED



3. Further, and in this regard, since the Company is holding a generation license and also has a binding PPA with NTDC, it was issued a letter dated 20-5-2015, by the Authority which received on 26-05-2015 (appended as Annex-C hereof) specifically intimating the Company regarding the Modification Application and inviting it to express its views and comments on the subject and file replies or communication in support or opposition of the Modification Application. It is also pertinent to point out that similar letter was issued to all other IPPs. It was specifically mentioned in the said letter that the publication was made in the newspaper on 16-5-2015 and comments may be submitted within a period of fourteen (14) days from the date of the publication.
4. Since very limited information was available to provide detailed comments, it was requested vide letter dated 29-5-2015 (appended as Annex-D hereof) that additional time of 10 days may kindly be granted for submission of the comments. Furthermore, a similar letter seeking extension in time was also submitted by Independent Power Producers Advisory Council ("IPPAC") on behalf its members (appended as Annex-E hereof).
5. However, it was subsequently discovered that the Authority had purportedly accepted the Modification Application on 29-5-2015 without even acknowledging or addressing the request for extension made by the Company as well as IPPAC. Moreover, the Modification Application was purportedly accepted even prior to the expiry of the stipulated period of fourteen (14) days under the 1999 Regulations.
6. Keeping in view the above, it is clearly evident that the Company is a stakeholder and an affected party in case any modifications are made in NTDC's license that may affect its obligations and operations. In this regard, the Company takes the following objections/grounds in relation to the Modification Application and the purported Determination of the Authority dated 29-5-2015 on the Modification Application:

NISHAT POWER LIMITED



- a. It is specifically stipulated in Regulation 10 of the 1999 Regulations that a period of fourteen (14) days shall be provided from the date of publication for the public to provide its comments. In furtherance to that, a letter was specifically issued by the Authority referred to above wherein the Company was asked to provide its comments. However, the Authority proceeded in the matter of the Modification Application without the expiry of the said period. This has resulted in the Company being denied its statutory right to raise any comments/objections in relation to the Modification Application. Accordingly, any determination on the Modification Application would not be in accordance with the requirements of law and due process.
- b. It is submitted that the Modification Application as well as the publication dated 16-5-2015 specifically state that the power generation entities are finalizing their arrangement with CPPA (G) and consequently, the CPPA's functions are not required to be with NTDC. As already submitted, it is a matter of record that the Company is a power generation entity and has a binding contract with NTDC. Further, the CPPA that is housed in NTDC regularly deals with the Company in relation to various aspects of the PPA. It is submitted that till date, the Company has had no interaction or any communication whatsoever with the said entity called CPPA (G) nor has NTDC or any other entity discussed this issue with the Company. It is also understood that there has been no discussion whatsoever with any of the IPPs on this matter. Accordingly, it is clear that the statement of reasons in support of the Modification Application is factually incorrect. Therefore, any decision in appreciation of such incorrect information would also be defective.
- c. As already submitted above, the Company entered into PPA with NTDC, pursuant to the 2002 Power Policy of the Government of Pakistan and in reliance on various representations, assurances and incentives by the

NISHAT POWER LIMITED



Government of Pakistan and various other Government Entities. The vested rights and interest of the Company are protected under the existing framework as well as general law. The possible effects of the modification of license of NTDC in relation to the PPA appear not to have been considered or addressed in this process. Accordingly, no modification in the license of NTDC as proposed in the Modification Application can be done in light of the applicable law till such time that the impact of the same on the existing legal and contractual commitments are considered and addressed. In light thereof, any decision on the Modification Application is defective as all relevant aspects have not been taken into account.

- d. Without prejudice to the above, it appears that as part of this process, a new entity by the name of CPPA (G) may have been set up to perform certain functions that are/were being performed by NTDC. No information regarding CPPA (G), including its establishment, operations or mode of working has been provided to or shared with the Company. The said issues have also not been addressed or considered in the Authority's purported Determination dated 29-5-2015.
- e. It also appears that as part of this process, recently a document by the name of Commercial Code (the "Code") has been approved. The Code provides in detail regarding the billing and settlement of invoices of *inter alia* IPPs. As already submitted above, the Company and NTDC have entered into the PPA and the same covers the settlement and billing procedure in detail. However, the new settlement and billing procedure envisaged under the Code are in contravention with the PPA and are prejudicial to the Company.

NISHAT POWER LIMITED



7. The Company reserves the right to take additional objections in future and/or to further supplement the aforesaid objections.

In view of the above, it is respectfully submitted that the Modification Application as well as any Determination thereon may be proceeded, after providing an opportunity to the Company for explaining the abovementioned points.

Thanking you in anticipation.

Yours truly,

For Nishat Power Limited

Tanvir Khalid
Chief Financial Officer



Sapphire Electric Company Limited

Registrar	8523
Dy No.....	
Dated.....	06.08.15

Mr. Iftikhar Ali Khan

Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

Ref: SECL/RFP/1354

Date: 5th August 2015

For information & No. 11.
Gp. 15.
28.08.15
cc: chairman
vc/m (CA)
m (T)
m (m & E),
m (WU)

- DW (LC)
- SA (Tech)
- LA (LC)
- D/Reg-I/SAR
- m/E

Subject: Modification-II in the Transmission License of National Transmission and Dispatch Company Limited

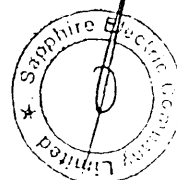
Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on 22nd July 2015.

As you are well aware, it is a matter of record that Sapphire Electric Company Limited (the Company) operates under a Generation License dated June 2006 (the License). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated 19th February 2007 (the PPA) with National Transmission and Dispatch Company Limited (NTDC) for a period of 30 years and an Implementation Agreement dated 7th March 2007 with the Government of Pakistan (the GOP). The obligations of the Power Purchaser are secured by a sovereign guarantee (the Guarantee). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. Accordingly, with respect to the subject matter, it is critical that NTDC, at all times, must continue to have the power and authority under its license to fulfil all its obligations towards the Company under and in terms of the PPA for the entire term of the PPA.

It may further be noted that the Company continues to treat NTDC as its counter party to the PPA for all intents and purposes. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of NTDC's obligations under the PPA. The Company is





7-A/K, Main Boulevard, Gulberg II,
Lahore (Pakistan).

UAN: +92 42 111-000-100 Fax: +92 42 35758763, 35713753

Sapphire Electric Company Limited

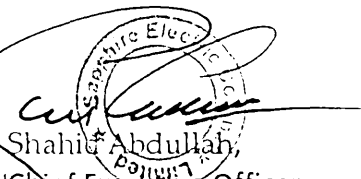
also not aware of arrangement, if any, that NTDC may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "Rules") and the Commercial Code (the "Code"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that NTDC remains, at all times, fully empowered to meet its obligations under the PPA for the entire term of the PPA. Further, no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,


Shahid Abdullah,
Chief Executive Officer
Sapphire Electric Company Limited



HABIBULLAH
COASTAL
POWER
COMPANY

For information & n/a to
— Dir (Lic)
Gp. h.
— SA (Gen)
— Dy I/SAR
— LA (Lic)
— M/F
10/08/15
re: chairman
vc/m (CO)
m (T)
m (M&E) — m (G-)
August 07, 2015

Mr. Iftikhar Ali Khan
Deputy Registrar NEPRA Office Building,
G-5/1, Attaturk Avenue (East),
Islamabad

Subject: Modification-II in the Transmission Licence of National Transmission and Dispatch Company Limited

Dear Sir,

This is with reference to your letter dated 16 July 2015 on the subject, which was received by us on 26th July 2015.

As you are well aware, it is a matter of record that Habibullah Coastal Power Company Private Limited (the **Company**) operates under a Generation License dated 26th August 2003 (the **License**). In respect of the Complex, the Company has entered into a Power Purchase Agreement dated 25th March 1996 (the **PPA**) with Water and Power Development Authority ("WAPDA") for a period of 20 years and an Implementation Agreement dated 20th March 1996 (the **IA**) with the Government of Pakistan (the **GOP**). The obligations of the Power Purchaser are secured by a sovereign guarantee (the **Guarantee**). The aforementioned documents set out the rights and obligations of the Company for the duration of the project.

It would therefore be a matter of concern for the Company in case any change whatsoever is made to the said arrangement without the consent of the Company. It may be noted that since inception, the Company has dealt with WAPDA as a counter party to the PPA and WAPDA continues to be responsible for fulfilling the terms of the PPA. In this regard, we would also like to take this opportunity to bring on record that to date, the Company has had no discussions or communication with any third party in relation to performance of WAPDA's obligations under the PPA. The Company is also not aware of arrangement, if any, that WAPDA may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "**Rules**") and the Commercial Code (the "**Code**"). Without prejudice to the Company's rights

Registrar	8570
Dy No.	10-08-15
Dated	10-08-15

Habibullah Coastal Power Company (Pvt.) Limited

Corporate Office:
3rd Floor, G.D. Arcade, 73-East
Fazal-ul-Haq Road, Blue Area,
Islamabad, Pakistan
Tel: 92 51 234 8462-63
Fax: 92 51 234 8465

Registered Office:
HCPC Plant Site
Kili Almas Road
Sheikh Manda, Quetta
Tel: 92 81 288 1007
Fax: 92 81 288 1008



HABIBULLAH
COASTAL
POWER
COMPANY

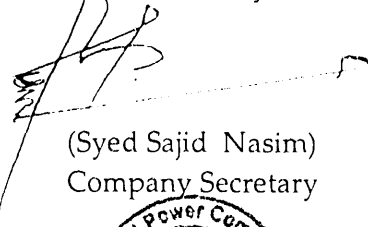
The Company is also not aware of arrangement, if any, that WAPDA may have with any third party in this regard. In any event, it may be noted that no such arrangement would apply insofar as the Company is concerned unless the same is shared with and consented to by the Company.

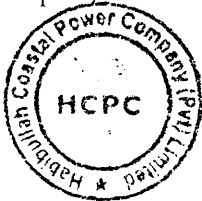
We also note that in the letter under reply, reference has been made to NEPRA (Market Operator Registration, Standards and Procedure) Rules 2015 (the "**Rules**") and the Commercial Code (the "**Code**"). Without prejudice to the Company's rights and remedies, it may be useful to highlight that prima facie, the Rules and the Code contain certain provisions that are not in line with the existing arrangement, including the PPA. Any and all provisions in the Rules or the Code that are either not in accordance with the PPA or other documents such as the IA, Guarantee and the License or otherwise prejudice or adversely affect the Company are neither acceptable to the Company nor the Company acquiesces to the same.

Therefore, in view of the above, it is submitted that it must be ensured that no new arrangement or change should be permitted that may adversely affect or prejudice the rights of the Company under the PPA or any of the existing documents such as the IA, Guarantee or the License.

The Company reserves the right to raise any additional concerns or grounds at the appropriate time. Further, in case any discussion or clarification is required on any of the aforesaid matters, the Company would request that adequate opportunity is granted for the same.

Yours faithfully,


(Syed Sajid Nasim)
Company Secretary





Attock Gen Limited

ATTOCK GEN LIMITED

Ref.: AGL/1-03/7682
Friday 7th August 2015

Mr. Iftikhar Ali Khan

Deputy Registrar, NEPRA

NEPRA Tower

Attaturk Avenue (East)

G-5/1, Islamabad

For information & mya A.
Dr (L) [Signature]

Gp. h:

— S A (Pch)

— D/Rg-I/SAR

— LA (L) - M/F

10/08/15
cc: chairman

VC/M(a)

m(T)

m(m&E)

— m(L)

Subject: Modification-II in the Transmission Licence of NTDC
(National Transmission and Dispatch Company Limited)

References: (A) NEPRA's Subject communication

#NEPRA/R/DL/LAT-01/10615-10874 dated 16th July 2015

(B) AGL letter # AGL/1-03/7551 dated Tuesday 16th June 2015

Dear Sir,

1. The two-weeks review petition opportunity afforded to IPPs in Reference-A hereinabove is premised upon the assumption that recourse/relief in the matter would, or even could, be available through mere review of the Subject Transmission License Modification. Such assumption is erroneous, since the Subject Transmission License Modification does not exist in a vacuum. It is inextricably linked with and dependent upon a projected radical disruption of the fundamental paradigm upon which rests the delicate balance of pertinent sectoral relationships — which delicate balance is destroyed by deconstruction of that paradigm.

2. Some salient issues, *inter alia*, are: several inconsistencies with the PPA/IA/Sovereign Guarantees regime (which can readily be identified to NEPRA's staff in consultative session); and the fact that **the contractual Power Purchaser (NTDC) is purportedly extinguished**, while its successor (CPPA-G) has yet to be contractually installed — thereby creating a contractual and legal hiatus.

3. What is required, therefore, is a comprehensive re-examination of this new tri-partite paradigm — which rest upon (a) the 28th May 2015 Market Operator Rules, (b) the 29th May 2015 NEPRA Determination granting Modification-II of NTDC's Transmission License (#TL/01/2002), and (c) NEPRA's 2nd June 2015 Commercial Code — for a full appraisal of its

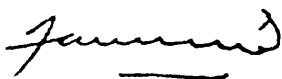
11-8-15
15265

Registrar	8584
Dy No.	10-08-15
Dated	10-08-15

disruptive impact on the PPA/IA/Sovereign Guarantees regime. It is AGL's considered belief that the PPA/IA/Sovereign Guarantees regime governing the IPPs cannot function on the basis of the aforesaid new tripartite paradigm. A mere review of the 29th May 2015 NEPRA Determination granting Modification – II of NTDC's Transmission Licences (#TL/01/2002) cannot, in isolation, provide the requisite recourse and relief. The ultimate objective is a paradigm reconstruct compatible with the PPA/IA/Sovereign Guarantee regime governing IPPs.

4. Since the requisite relief is not available through review, it is respectfully, yet vehemently, requested that NEPRA graciously be pleased to withdraw its aforesaid Market Operator Rules, NTDC Transmission License Modification-II and Commercial Code — with immediate effect. It is also respectfully yet vehemently requested that NEPRA graciously be placed to closely involve pertinent stake-holders including, importantly, the IPPs, in the consultative process for establishing the requisite objective compatible with the PPA/IA/Sovereign Guarantees regime governing the IPPs. Such compatibility cannot be ensured without the close involvement and co-operation of the IPPs.
5. Finally, it is crucial that until appropriate and adequate novation of the PPAs, there is no contractual Power Purchaser for purposes of the PPAs. Consequently, as an interim measure, the previously existing system (with the previous Power Purchaser) must be allowed to continue until the new paradigm is satisfactorily established without flaws, inconsistencies and incompatibilities.

Yours faithfully,



M. Adil Khattak
Chief Executive Officer

Cc: Section Officer (IPPs), Ministry of Water & Power, Islamabad



CMEC POWER (PRIVATE) LIMITED 西麥克電力有限公司

House No. 3, Street No. 25, F-7/2, Islamabad. Phone: +92 51 2609710; Fax: +92 51 2609709

Date: 31 July 2015

Our Ref: CPPL-0016

Your Ref: NEPRA/ R/ DL/ LAT-01/ 0615-10874

Registrar

National Electric Power Regulatory Authority

NEPRA Tower, Ataturk Avenue (East), G-5/1, Islamabad

For information & info to
— Dir (L-1)
Ch. b.
— SAC (Teh)
— SPT-I
— Encl. (Gen. Sec.)
— Dir (R-1) / SAC
cc: chairman
vc/m(CA)
m(T)
m(M&E)
m(L-1)

SUBJECT: MODIFICATION-II IN THE TRANSMISSION LICENSE OF NATIONAL TRANSMISSION AND DISPATCH COMPANY LIMITED (NTDC)

Dear Sir,

We refer to your letter dated 16 July 2015 with Reference no. NEPRA/ R/ DL/ LAT-01/ 0615-10874, which was received by us on 23 July 2015, As per your instructions, we were requested to file review petitions/give specific concern within the period of two (02) weeks from the receipt of the above letter.

Following are our specific concerns as an IPP,

1. What is the incorporation and licensing status of the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)?

From the Authority's determination dated May 29, 2015, CPPA-G will operate as a separate entity to take over the agency functions (power procurement on behalf of ex-WAPDA DISCOS and the function of settlement, administration and development of competitive power market) of NTDC.

Has CPPA-G been officially incorporated, licensed as Market Operator and ready to function? When will the transferring process (including transferring of all assets, contractual rights and liabilities of the CPPA under NTDC) be completed? Incorporation data and financial statements of CPPA-G will be required as part of the due diligence by banks and the generation companies.

2. When will CPPA-G Start Negotiations and Signing of PPA with IPPs?

Registrar 8230
By No. 03-08-15
Dated 03-08-15



CMEC POWER (PRIVATE) LIMITED

西麥克電力有限公司

House No. 3, Street No. 25, F-7/2, Islamabad. Phone: +92 51 2609710; Fax: +92 51 2609709

We noticed that recent PPAs with IPPs were negotiated and signed by NTDC (through Central Power Purchasing Agency). When will CPPA-G officially start to negotiate and sign PPAs with IPPs?

3. Impact on the Power Purchaser's Obligations under the PPAs

Apart from the take-or-pay obligations of the Power Purchaser under the PPA, there are other obligations of the Power Purchaser such as 1) delivery of electrical power during commissioning, start-up and emergencies of the power plant, 2) design, construction, financing, completion and commissioning of the Power Purchaser Interconnection Facilities, etc., which are functions of NTDC. CPPA-G shall continue to assume these obligations under the PPA, even though these are functions of NTDC.

Best regards

Su Guanglei

Director

CMEC Power (Private) Limited



JAMSHORO POWER COMPANY LIMITED

(A GOP OWNED CORPORATE ENTITY)

CHIEF EXECUTIVE OFFICER

No. CEO/JPCL/

11559-65

Dated

30-07-2015

Muhammad Saulat Ali,
Section Officer (IPPs)
Ministry of Water & Power,
GOP Islamabad.
Tel: 051-9223090

For information & info.
- Bus (Lr)
- Gp. 10
- SA (Pch)
- SAT - I - m/f

03.08.15
cc: chairman
vc/m (ca,
m(t)) - m(mae) - m(lr)

SUBJECT: MODIFICATION-II IN THE TRANSMISSION LICENCE OF NATIONAL TRANSMISSION AND DISPATCH COMPANY LIMITED (NTDC).

Reference: Your office Letter No. IPPs-G- (Misc) / 2015 Dated 24-07-2015.

This is with reference to above referred letter; it is informed that JPCL has no concerns in the modification for separating Central Power Purchase Agency as CPPA-G for performing function in accordance with the NEPRA Rules 2015.

The JPCL has already signed PPA with CCPA-G on dated 28-07-2015.

This is for your information please.

Chief Executive Officer
JPCL, Jamshoro

Distribution:

1. Secretary Ministry of Water and Power, Room No. 202-203, 2nd Floor, Block-A Pak Secretariat, Islamabad. Fax No. 051-9206272
2. Joint Secretary, (Transmission) Ministry of Water & Power, Room No.235, 2nd Floor, A Block Pak Secretariat Islamabad, Pakistan (Fax-051-9103953)
3. Joint Secretary, (Finance) Ministry of Water & Power, Room No.241, 2nd Floor, A Block Pak Secretariat Islamabad, Pakistan (Fax-051-9214273)
4. Registrar Nepra, NEPRA Office Building, G-5/1, Attaturk Avenue (East), Islamabad (Fax-051-2600026)
5. Chief Executive Officer, Genco Holding Company Limited, House No.22, Street No.10, Sector F/8-3, Islamabad (Fax -051-2287019)
6. Chief Financial Officer, JPCL, Jamshoro.

Registrar	8237
Dy No.	03-08-15
Dated	03-08-15



engro power generation

July 23, 2015

The Registrar,
National Electric Power Regulatory Authority,
Attaturk Avenue (East); NEPRA Towers;
G-5/1, Islamabad.

Subject : Application for Modification in Transmission License No. TL/01/2002 of National Transmission and Dispatch Company

Dear Sir,

This is with reference to your letter (Ref no. NEPRA/R/DI./LAT-01/10615-10874) dated July 16, 2017 and May 20, 2015 seeking comments on the subject matter.

Please find attached our response on the subject matter circulated previously vide our letter dated July 8, 2015 (copy attached).

Best Regards,


Chf Kaludi
Chief Financial Officer

For information & n/a A
— Dir(Lic)
— Gp. In.
— SA(Tech)
— M/F
27.07.15
a: chairman
m(Lic)

Discuss
DD-1 RTI
Ans. n/a
JA

Registrar	7969
Dy No.	27-07-15
Dated	27-07-15

July 8, 2015

The Registrar,
National Electric Power Regulatory Authority,
Attaturk Avenue (East); NEPRA Towers;
G-5/1, Islamabad.

Subject : Application for Modification in Transmission License No. TL/01/2002 of National Transmission and Dispatch Company

Dear Sir,

This is with reference to your advertisement in the newspaper dated May 16, 2015 and your letter dated May 20, 2015 seeking our comments on the subject matter. Keeping in view the extensive content of such modification and the required timelines to evaluate its impact, Independent Power Producers Advisory Council (IPPAC) on behalf of the IPPs had requested you for an extension of the response period.

We note that despite of written request from IPPAC, seeking additional time for the submission of comments, the Authority appears to have proceeded in the subject proceedings. Further, it is also clear that the same was done without complying with specific timelines stipulated in the applicable enactments and without taking into consideration all necessary materials and issues that were relevant. Accordingly, the subject proceedings are defective and not in accordance with the requirements of law and due process.

In this regard, we find it important to highlight that we have entered into a binding Power Purchase Agreements dated October 26, 2007 (PPA) with National Transmission & Dispatch Company (NTDC). The PPA is backed by sovereign guarantee. The PPA was entered into with NTDC pursuant to the 2002 Power Policy of the Government of Pakistan and in reliance on various representations, assurances and commitments by the Government of Pakistan and various other Government Entities. Our vested rights and interests are protected under the existing framework as well as general law. Accordingly, in light of the applicable law, any changes or modifications in the given manner are not advisable till such time that the Impact of the same on the existing legal and contractual commitments are considered and addressed to the satisfaction of the concerned parties.

Moreover, from the very limited information that is available publically, it also appears that as part of this process, a new entity by the name of CPPA (G) appears to have been set up to perform certain functions that are/were being performed by NTDC. There appears to be a false impression, as is also evident from the proposed modification published in the newspapers on May 16, 2015 that the said entity is finalizing some arrangements with the power generation entities, including the IPPs, and thus, the CPPA's functions are not required to be with NTDC. We would like to bring to your attention that the aforesaid impression is absolutely incorrect. Till date, we have not had any interaction or any communication whatsoever with the said entity called CPPA (G). We also believe that no other IPPs have been contacted in this regard. Due to unavailability of detailed information on the subject matter, roles, responsibilities and modus operandi of CPPA (G) are still ambiguous.

It is also important to bring to your attention that there appears to be some proposals regarding payment mechanism in the power sector, including payments to the IPPs. Whilst we reserve our right to comment on the same as and when any details come to light, we would emphasize that the PPA provides in detail the method and mechanism of payments and their respective priorities and it is expected that the same will be strictly followed by NTDC.

Therefore, it may be noted that so far as we are concerned, NTDC is and remains the Counter party to the PPA and resultantly, responsible for all its obligations thereunder. No modification in this arrangement can be done without the consent of the concerned parties. We remain available to discuss any of the aforementioned issues.

Best Regards,



Atif Kaludi
Chief Financial Officer