



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-100/FPMPL-EPA-2016/15589-15591
November 14, 2016

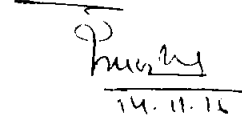
**Subject: Decision of the Authority with respect to Energy Purchase Agreements
submitted by M/s. Fazal Paper Mills (Pvt.) Ltd. (FPML) for Approval**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (04 pages) in the matter of Energy Purchase Agreements submitted by M/s. Fazal Paper Mills (Pvt.) Ltd. (FPML) for Approval in case No. NEPRA/TRF-100/FPMPL-EPA-2016.

2. The Decision is being intimated to the Federal Government for notification in the official Gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

Enclosure: As above


14.11.16

(Syed Safer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



**DECISION OF THE AUTHORITY WITH RESPECT TO ENERGY PURCHASE AGREEMENTS
SUBMITTED BY M/S FAZAL PAPER MILLS (PRIVATE) LIMITED (FPMPL) FOR APPROVAL**

1. M/s Fazal Paper Mills Limited (FPMPL) vide letter No. FPM / FIN / 1106 dated 11th June, 2016 (received on 13.06.2016) while referring to its Generation License No. SGC / 117 / 2016 has submitted Energy Purchase Agreement (EPAs) executed with the following Bulk Power Consumers (BPCs) for approval of the Authority:

- i) Salva Oil & General Industries (Pvt.) Limited
- ii) Fatima Vegetable Oil Mills (Pvt.) Limited
- iii) Salva Feed Mills (Pvt.) Limited

2. The above-referred EPAs attached herewith as Annex-I, II & III. It is pertinent to mention here that the Authority directed the FPMPL in its determination dated 17.05.2016 in the matter of issuance of generation license that the tariff shall be approved by the Authority and FPMPL shall submit the Energy Purchase Agreements in this respect to the Authority for approval, the relevant part of Para(d)(vi) of the said determination is reproduced as under:

"Regarding Tariff that the company will charge from the Power Purchaser, it is clarified that under Section 7(3)(a) of the NEPRA Act, determination of tariff, rate and charges etc. is the sole prerogative of the Authority. The Authority directs FPMPL to charge only such tariff which has been determined, approved or specified by it in terms of Rule – 6 of the Rules. FPMPL will be supplying to designated BPCs only. Since the matter of charges between FPMPL and its BPCs is a bilateral issue and does not affect any third party, therefore, the parties i.e. FPMPL and its BPCs may agree the same mutually and approach the Authority for its approval."

3. The case was admitted by the Authority for consideration in RM 16-463 dated 14.7.2016. The FPMPL was directed to provide the breakup of agreed tariff with the abovementioned BPCs.

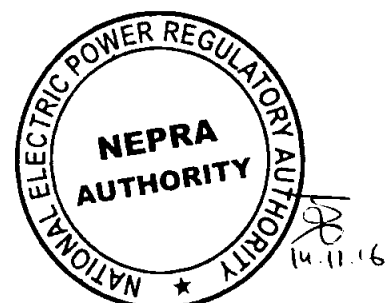
4. The Company has quoted Reference Price in its Energy Purchase Agreement with concerned BPCs as per below:

"The Reference Price for the purpose of this agreement is Pak Rupees 1.70 per kWh delivered on 11 kV, plus the Reference Fuel Price as informed by the Company to the Power Purchase excluding general sales tax (GST) through an invoice for payment."

5. The breakup of fixed O&M provided by FPMPL Rs. 1.70/kWh is as under:

Description	Rs./kWh
Salary, Wages & Contractor	0.60
Insurance	0.08
Depreciation	0.24
Repair & Maintenance	0.43

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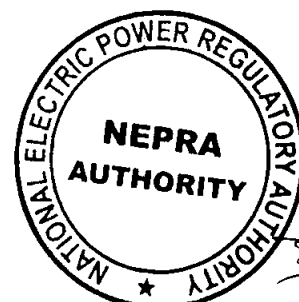
Margin	0.35
Total	1.70

6. According to FPMPL, the design parameter of our boiler & turbine suggests the approximate consumption of fuel as per following (these parameters are based on the plant running @ 85-90% capacity):
- 1.81 KG of Bio Fuel is required for production of 1 kWh of electricity (if 100% bio fuel is used).
 - 0.95 KG of Bio Fuel and 0.55 KG of Coal is required for production of 1 kWh of electricity (if a mix of 50% of both fuels is used)
7. The parties agreed in the EPAs, *inter alia*, as follows:
- The Company shall sell and the Power Purchaser shall purchase the electric power at reference price.
 - The term of the agreement will be thirty years, from the date of signing of the agreement.
 - The cost of connectivity on 11 kV will be borne by the Power Purchaser.
 - The Company will provide maximum upto 8 MW of power on Take & Pay basis (at bus bar) at a voltage level of 11 kV and at 50 Hz frequency with a tolerance of + 5% in the normal voltage and + 1% in nominal frequency.
 - The reference fuel price will be indexed with the price variation of coal / bio mass using the appropriate index from the signing of the agreement.
8. The overall tariff on biomass and combination of biomass and coal is as under:

Description	Biomass Rs./kWh	Biomass/Coal Rs./kWh
Fuel Cost Component	9.05	9.75
Fixed O&M		
- Salary, Wages & Contractor	0.60	0.60
- Insurance	0.08	0.08
- Depreciation	0.24	0.24
- Repair & Maintenance	0.43	0.43
- Margin	0.35	0.35
Total	1.70	1.70
Grand Total	10.75	11.45

- The husk / rice / Corn crop price has been intimated as Rs. 5/kg whereas coal price has been indicated as Rs. 9/kg.

9. The agreements between FPMPL and Salva Feed Mills (Private) Limited, FPMPL and Fatima Vegetable Oil Mills (Private) Limited and FPMPL and Salva Oil & General Industries (Private)

Limited has been signed on the same date i.e. 9.6.2016. The Authority observed that all EPAs are identical and the FPMPL and BPCs have agreed for the above rate.

10. Keeping in view the above, the Authority considers that FPMPL and their BPCs have agreed the above rates and signed the contracts. Since these rates are not affecting DISCOs, CPPA-G, consumers or any other party therefore the Authority hereby approves the Energy Purchase Agreements between FPMPL and Salva Feed Mills (Private) Limited, FPMPL and Fatima Vegetable Oil Mills (Private) Limited and FPMPL and Salva Oil & General Industries (Private) Limited signed on 9.6.2016. However, FPMPL is directed that being licensee of NEPRA, all the obligations shall be satisfied including compliances with NEPRA applicable documents where applicable. Furthermore, the transactions between the FPMPL and BPCs shall not have any impact on the CPPA-G or DISCOs.

11. Order

- 11.1 M/s Fazal Paper Mills Limited (FPMPL) is hereby allowed to charge the following generation tariff from Bulk Power Consumers (i) Salva Oil & General Industries (Pvt.) Limited, (ii) Fatima Vegetable Oil Mills (Pvt.) Limited and (iii) Salva Feed mills (Pvt.) Limited:

Description	Biomass Rs./kWh	Biomass/Coal Rs./kWh
Fuel Cost Component	9.05	9.75
Fixed O&M		
- Salary, Wages & Contractor	0.60	0.60
- Insurance	0.08	0.08
- Depreciation	0.24	0.24
- Repair & Maintenance	0.43	0.43
- Margin	0.35	0.35
Total	1.70	1.70
Grand Total	10.75	11.45

- The husk / rice / Corn crop price has been intimated as Rs. 5/kg whereas coal price has been indicated as Rs. 9/kg.

- 11.2 The terms and conditions agreed in the Energy Purchase Agreement (EPAs), *inter alia*:

- The Company shall sell and the Power Purchaser shall purchase the electric power at reference price.
- The term of the agreement will be thirty years, from the date of signing of the agreement.
- The cost of connectivity on 11 kV will be borne by the Power Purchaser.
- The Company will provide maximum upto 8 MW of power on Take & Pay basis (at bus bar) at a voltage level of 11 kV and at 50 Hz frequency with a tolerance of $\pm 5\%$ in the normal voltage and $\pm 1\%$ in nominal frequency.

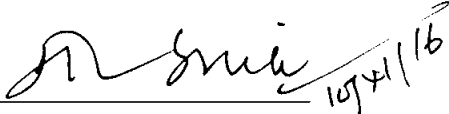


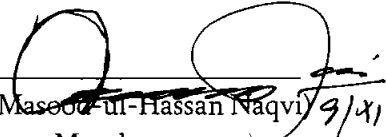


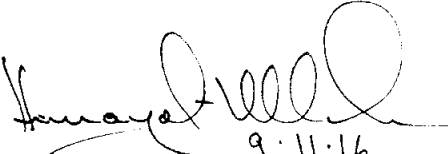

- v. The reference fuel price will be indexed with the price variation of coal / bio mass using the appropriate index from the signing of the agreement.

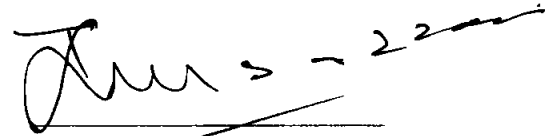
11.3 In pursuance to Section 31(4) of the Regulation, Generation, Transmission and Distribution of Electric Power Act, 1997, the above generation tariff is recommended to the Federal Government for notification in the official gazette.

AUTHORITY

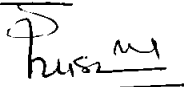

(Major (R) Haroon Rashid)
Member


(Syed Masood-ul-Hassan Naqvi)
Member


(Himayat Ullah Khan)
Vice Chairman


(Brig. (R) Tariq Saddozai)
Chairman




14.11.16