

Before
National Electric Power Regulatory
Authority

Tariff Petition for Determination of
Generation Tariff for 3.76 MW RFO Power
Project

Lake City Holdings Society - Lahore

13th July 2017

Lake City Management (Private) Limited
3-KM. Main Raiwind Road, Lahore, Pakistan
UAN: +92 (42) 111 000 096, FAX: +92 (42) 353 227 54

APPLICATION FOR GENERATION TARIFF

LAKE CITY

— MANAGEMENT —

Ref: LCH/ED (E & CS)/893/2017

Jul 13, 2017

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

**Sub: APPLICATION FOR TARIFF DETERMINATION SUBMITTED TO NEPRA
BY LAKE CITY MANAGEMENT (PRIVATE) LIMITED, LAHORE**

I, Mr. Safdar Ali Shah, Director, being the duly authorized representative of Lake City Management (Private) Limited by virtue of Memorandum of Association dated 02-Oct-2015, hereby apply to the National Electric Power Regulatory Authority for the grant of tariff to the Lake City Holdings Housing Society pursuant to section [20] of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

I certify that the documents-in-support attached with this application are prepared and submitted in conformity with the provisions of the National Electric Power Regulatory Authority Licensing (Application and Modification Procedure) Regulations, 1999, and undertake to abide by the terms and provisions of the above-said regulations. I further undertake and confirm that the information provided in the attached documents-in-support is true and correct to the best of my knowledge and belief.

A BANK DRAFT Bearing # **AAA 13827643** dated **10-Jul-2017** for a sum of **Rupees 299,152/-**, being the nonrefundable tariff application fee calculated in accordance with Schedule II to the National Electric Power Regulatory Authority Licensing (Application and Modification Procedure) Regulations, 1999, is also attached herewith.



**Safdar Ali Shah
(Director)**

(Lake City Management (Private) Limited)

Lake City Management (Pvt) Limited



BANK DRAFT FOR GENERATION TARIFF

8089 01726375500

Account Payee Only



http://10.10.10.5/T24ABI/servlet/BrowserS
AAA 13827643

Stationary/Ref No:

PO.AAA13827643

Pay to 0062 LAKE CITY LAHORE or Order

Rupees NEPRA*****

TWO HUNDRED AND NINETY NINE THOUSAND ONE HUNDRED AND

ALLIED BANKERS CHEQUE

Payable at issuing branch

PKR 1 0 0 7 1 7

***299,152.00

Authorized Signatory
IBS No.

Authorized Signatory
IBS No.

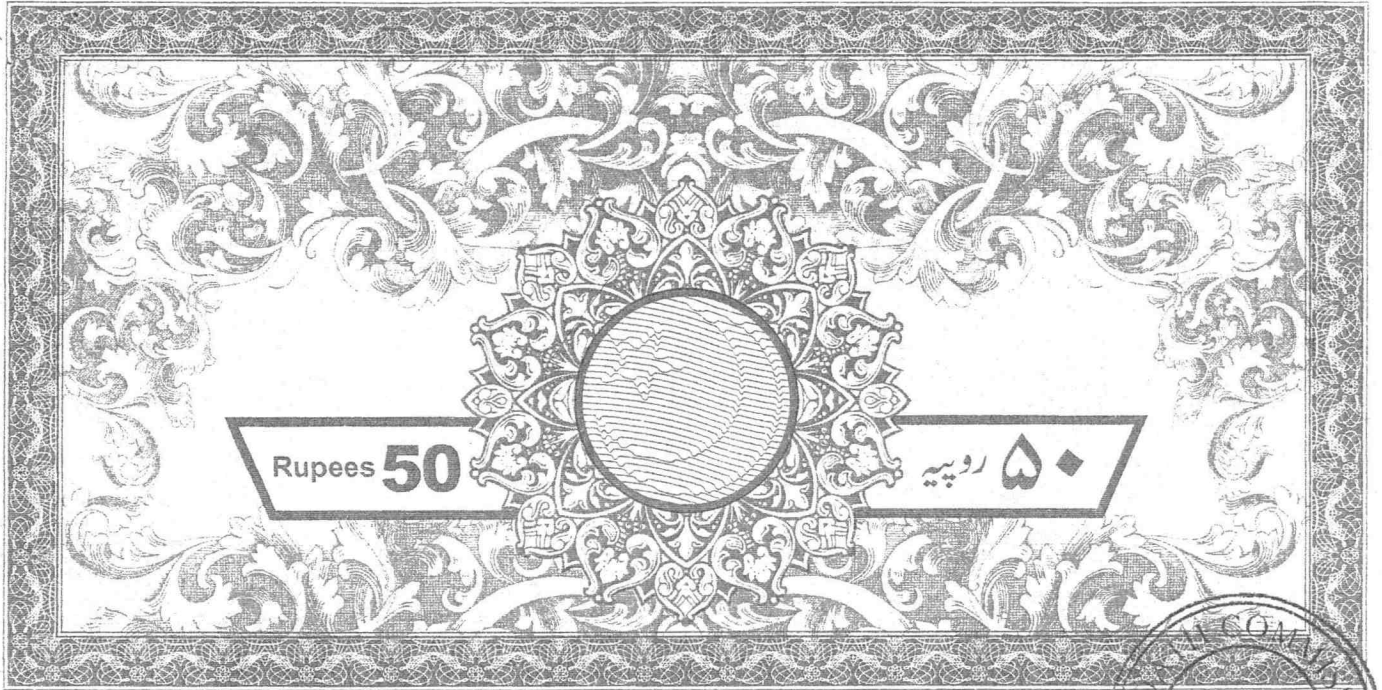
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COPY OF AFFIDAVIT



POWER OF ATTORNEY

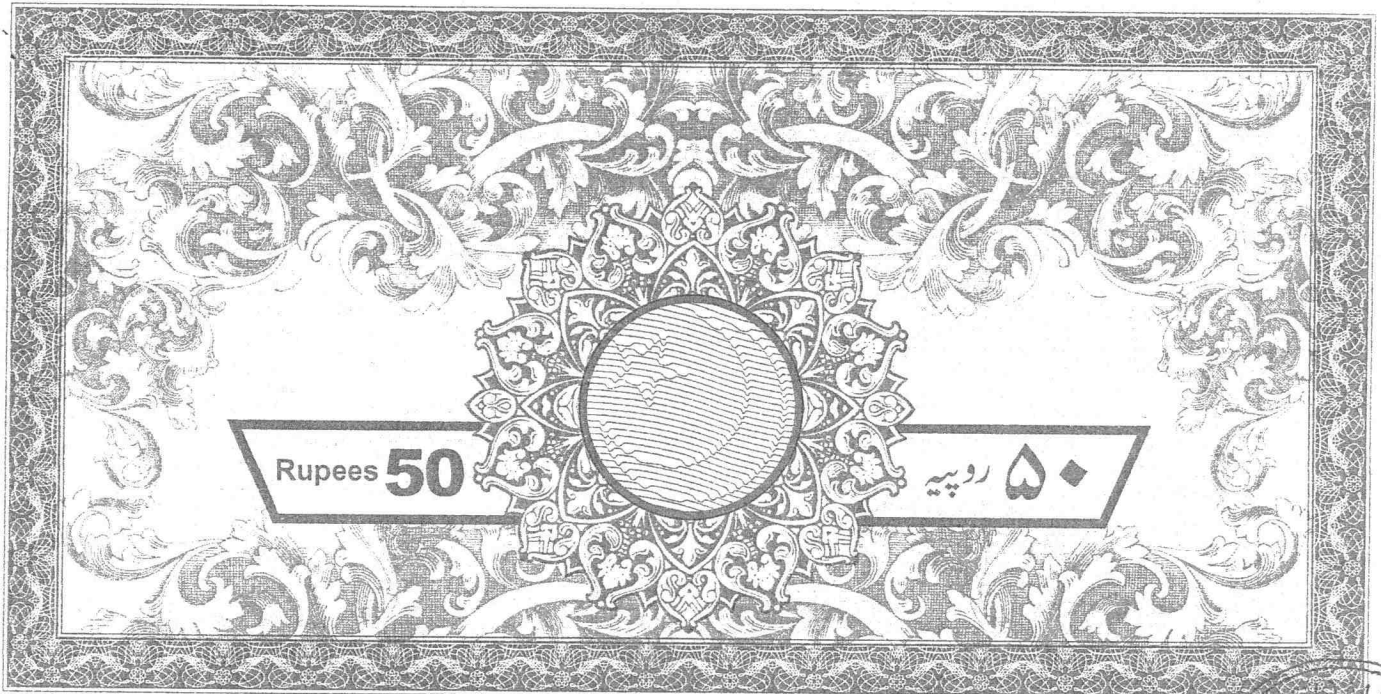
I Mr. Farouk Khan, Director, Lake City Management (Private) Limited do hereby appoint Mr. Safdar Ali Shah, as our attorney to apply for Tariff to NEPRA and sign all the related documents on behalf of Lake City Management (Private) Limited, Lahore.


Farouk Khan
Director

Lake City Management (Private) Limited

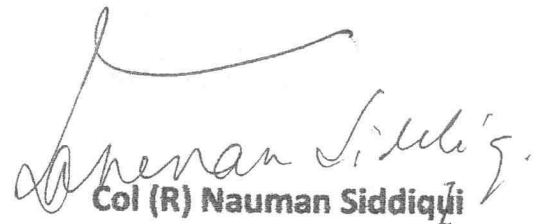


LETTER OF INTENT



CERTIFICATE

It is certified that Lake City Holdings (Pvt) Ltd., will provide the requisite financing to Lake City Management (Private) Limited for Running its Generation Plant and its O&M works.


Col (R) Nauman Siddiqui

Executive Director

Lake City Holdings (Pvt.) Ltd.



BOARD RESOLUTION

LAKE CITY

—MANAGEMENT—

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF LAKE CITY MANAGEMENT (PRIVATE) LIMITED IN ITS BOARD OF DIRECTORS MEETING HELD ON MARCH 01, 2016 at 13-K. M. RAIWIND ROAD, LAHORE

The Board of Directors resolved to accord approval as follows:

Following management officers / representatives are hereby authorized to sign individually or jointly the necessary documents, pay the necessary filing fee, appear before the National Electric and Power Regulatory Authority as needed, do all acts necessary for completion / processing of the Electricity generation application.

- I) Mr. Syed Safdar Ali Shah
- II) Mr. Nadeem Afzal

For and on behalf of Board of Directors



Company Secretary

Lake City Management (Pvt) Limited

13-KM Raiwind Road, Lahore-54000, Pakistan. UAN: 111-000-096, Tel: 042-3532 3298 Ext-146, Fax: 3532 2754
Email: info@thelakecity.com.pk Web: www.lakecitylahore.com

CERTIFICATE OF INCORPORATION



A007028

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
COMPANY REGISTRATION OFFICE, LAHORE

CERTIFICATE OF INCORPORATION

[Under section 32 of the Companies Ordinance, 1984 (XLVII of 1984)]

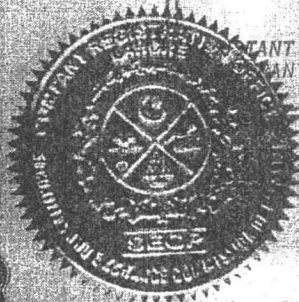
Corporate Universal Identification No. 0095517

I hereby certify that LAKE CITY MANAGEMENT (PRIVATE)
LIMITED is this day incorporated under the Companies Ordinance, 1984 (XLVII of
1984) and that the company is Limited by Shares.

Given under my hand at Lahore this Second day of October, Two
Thousand and Fifteen.

Fee Rs. 172,000/-

CERTIFIED TO BE TRUE COPY



STANT REGISTRAR OF COMPANIES (FACAT ALI DOLLA)
ANY R. ISTRATION OFFICE Additional Registrar
LAHORE

No. ARL/ 6060

DATED: 02-10-2015

(PRIVATE COMPANY LIMITED BY SHARES)

Memorandum of Association
of
**LAKE CITY MANAGEMENT
(PRIVATE) LIMITED**

- I. The name of the Company is "LAKE CITY MANAGEMENT (PRIVATE) LIMITED".
- II. The Registered Office of the Company will be situated in the Province of Punjab.
- III. The objects for which the Company established are all or any of the following:-
 1. To carry on the business and management of Housing, Estate Development all kinds of construction and to manage maintain, improve, develop control and construct housing societies, plazas, hotels, restaurants, shops, bridges spillways, highways reservoirs, hospitals, clinics, dispensaries, maternity homes, nurseries, schools, colleges, training centers, residential blocks/bungalows, commercial complex/centers, buildings, business offices, workshops, mill, factories, where houses, apartments, multi-story flats, roads, footpaths, streets, sewerage and water treatment system, airport run-ways, electric, gas and telecommunication installation, dockyards, railway tracks/yards including hire and rent of buildings and construction and supply of material/equipments and to participate international tenders either singly as a company or in joint venture with foreign companies, individuals and firms subject to any permission required under the law.
 2. To generate, accumulate, transmit, distribute, purchase, sell and supply electricity power or any other energy from conventional/non-conventional energy sources including wind, gas, oil, thermal, solar, hydel, coal, tidal and other types on a commercial basis to government, non-government, various organizations, including but not limited to WAPDA, LESCO and similar organizations, industries, cities, towns, buildings, streets, docks, markets, theatres and all places both public and private and to construct, lay down, establish, operate and maintain power/energy generating stations, including buildings, structures, works, machineries, equipments, cables and to undertake or to carry on the business of managing, owning, controlling, erecting, commissioning, operating, running of power plants based on conventional or non-conventional energy sources and to carry on business as manufacturers,

producers, processors, makers, converters, assemblers, fabricators, importers, exporters, traders, buyers, sellers, retailer, wholesalers, suppliers, indenters, packers, movers, preservers, stockiest, agents, sub-agents otherwise deal in all apparatuses and things required for or capable of being used in connection with the generation, distribution, supply and accumulation electricity power subject to permission from NEPRA/other regulatory authorities.

3. To locate, establish, construct, equip, operate, use, manage and maintain thermal power plants and coal fired power plants, power grid station, transforming, switching, conversion, and transmission facilities, grid stations, cables, overhead lines, sub-stations, switching stations, tunnels, cable bridges, link boxes, heat pumps, plant and equipment for combined heat and power schemes, offices, computer centres, shops, dispensing machines for pre-payment cards and other devices, showrooms, depots, factories, workshops, plants, printing facilities, warehouses and other storage facilities.
4. To carry on anywhere in Pakistan the business of power generation and distribution in all its branches and aspects and in particular to construct, lay down, establish, maintain and fix all necessary Power Stations together with ancillary works, cables, wires, meter, lines, accumulators, lamps, interconnect facilities, grid stations, transmission facilities and to generate, accumulate, distribute, sell, transit and supply electricity after obtaining approval from relevant authorities.
5. To carry on the business of manufacturers and suppliers of power generation plants and distribution systems of power, steam, gas diesel, solar, gas-generators, farmers, carriers and merchants, and to buy, sell, manufacturer, repair, convert, alter, let on hire, and deal in machinery including workshops and field services.
6. To design, insure, construct, acquire, own, operate and maintain power generation complexes and to carry on the business of electricity generation, power transmission and distribution services, over hauling and re-powering of power plants and to deal in electrical and other appliances cables, dry cells accumulators, lamps, and to work, generate, accumulate, distribute and supply electricity for the purpose of light, heat, motive power and for all other purposes for which electrical energy can be employed and to manufacture and deal in all apparatuses and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, including in the term electricity all power that may be incidentally hereafter discovered in dealing with electricity.
7. To carry out the distribution of electricity in the towns/colonies so developed/constructed and to obtain the necessary licences/approvals from NEPRA / relevant Authorities, Govt. Agencies, etc.
8. To carry on the business of estimation, drawing up or specifications and contracts, quantity surveying, supervision and execution of construction works and installation and maintenance thereof.

9. To construct, erect or maintain potable water treatment and distribution systems, chemical desalination, sewerage treatment plants and connection systems, waterworks, drainage and sewerage facilities, water supply, electric and gas installations and to deal with same in any manner whatsoever, and to provide all civic facilities to occupiers or tenants thereof as are commonly provided, subject to any permission required by law.
10. To carry on the business of contractors and suppliers of goods of all description to Government, Central and Provincial, Local bodies, Municipalities, L.D.A., C.D.A, K.D.A, Sui Northern Gas, Wapda and other autonomous bodies, persons, hotels, hospitals, firms, or corporations and to supply goods of all kinds for the purpose subject to any permission required by law of Pakistan.
11. To construct and maintain road, bridges, wharves, quays jetties and piers, pipelines, canal and storage tanks for water, petroleum, petroleum products, natural gas and other substances, water desalination, treatment plants and such other works as may be required for all or any of the above purpose.
12. To provide, co-ordinate and assist in the new inventions and technologies in the most potential areas in the fields of water and waste water solutions, environment, hot and cold climate solutions, agriculture, agronomy and organic food solutions, land reclamation, land obstacles, removing and breaching solutions, energy wastage, re-use and alternative solutions.
13. To carry on business of sales representative either on commission or on profit sharing basis of all kinds of goods and materials.
14. To carry on business of supervisors, administrators, executors, contractors, agents, (except managing agents) experts, collaborators, advisors and negotiators of civil engineering, hydraulic engineering, chemical engineering, mining, metallurgy, agriculture, afforestation soil conservation and reclamation, industries, aeronautics, telephone, telegraphs and wireless communication, rail, road, water and air transport and all affairs relating thereto, petroleum-products, machinery for exploration of gas, mines, petrol and petroleum product.
15. To apply for, tender, offer and accept purchase or otherwise acquire any contracts and concessions for on in relation to the projection, execution, carrying out improvements, management, administration or control of works and conveniences and undertake, execute, carry out, dispose of or otherwise turn to account the same.
16. To carry on and undertake trading business of all sorts and to act as indenters, importers, exporters, traders, suppliers manufacturers, stockiest agent, commission agents and retailers of products, commodities and materials in any form or shape manufactured or supplied by any company, firm,

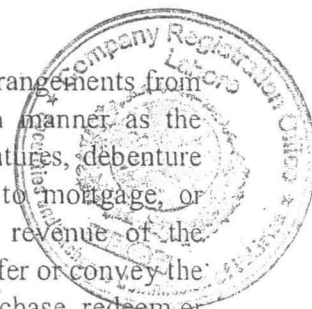
association of persons, body, whether incorporated or not, individuals, Government, Semi-Government or any local authority within the scope of the object of the company.

17. To carry on the business of general order suppliers, including Government, Semi-Government agencies, Armed Forces, Army, Military or Defence and commission agents, indenters, traders and as general merchants, wholesalers, retailers, dealers, distributors, stockiest agents, sub-agents in any goods or products or within the scope of the object of the Company and subject to any permission required under the law.
18. To carry on the business and obtain licences for shipping agents, clearing and forwarding agents, purchasing and indenting agents, selling agents, travel agents, tour operators, common carriers and contractors.
19. To establish warehouses and to carry on the business of warehouse-men stores, custodians, and to provide facilities for storage of commodities, articles, things preparation of all kinds and depreciation whatsoever, storage rooms, bins, godowns, cold storage, clearing and forwarding, transportation and distribution of beverages, food products and merchandise of all kinds.
20. To receive goods on consignment, from any company, firm, association of persons, body, whether incorporated or not, individuals, Government, Semi-Government or any local authority and sell the same as agent or on principal-to-principal basis.
21. To carry on in or outside Pakistan the business of manufacturers, importers, exporters, indenters, transporters, dealers in all articles and commodities akin to or connected with any of the business of the Company capable of being conveniently carried on or necessary for the promotion of the objects herein contained, as permissible under law.
22. To carry on agency business (except managing agency) and to acquire and hold selling agencies and to act as selling agents, commission agents, manufacturers, representatives and distributing agents of and for the distribution of all kinds of merchandise, goods, commodities, products, materials, substances, articles and things whether finished, semi-finished, raw, under process, refined, treated or otherwise pertaining to trade and commerce and for that purpose to remunerate them and to open and maintain depots and branches as allowed under the law.
23. To purchases, hire, apply for or otherwise acquire and hold for any interest, any rights, privileges, easements, trademarks, patents, patent right, copyrights, licences, secret processes, machinery, plants, stock-in-trade, and any movable and immovable property or assets of any kind necessary or convenient for the purposes of or in connection with the Company's business or any branch or department thereof and to use, exercise, develop, grant licenses in respect of or otherwise turn to account any property, rights, and

information so acquired, subject to any permission required under the law.

24. To acquire by concession, grant, purchase, barter, licence either absolutely or conditionally and either solely or jointly with others any lands, buildings, machinery, plants, equipments, privileges, rights, licences, trademarks, patents, and other movable and immovable property of any description which the Company may deem necessary or which may seem to the Company capable of being turned to account, subject to any permission as required under the law.
25. To act as representatives, for any person, firm or company and to undertake and perform sub-contracts and also act in the business of the Company through or by means of agents, sub-contractors and to do all or any of the things mentioned herein in any part of the world and either alone or in collaboration with others and by or through agents, sub-contractors, or otherwise.
26. To go in for, buy or otherwise acquire and use any patent design, copyright, licence, concession, convenience, innovation, invention, trademarks or process, rights, or privileges, plants, tools or machinery and the like in Pakistan or elsewhere, which may for the time being appear to be useful or valuable for adding to the efficiency or productivity of the Company's work or business, as permissible under the law.
27. To acquire and carry on all or any part of the business or property and to undertake any liabilities of any person, firm, association or Company possession of property suitable for any of the purposes of the Company or carrying on any business which this Company is authorized to carry on and in consideration for the same, to pay cash or to issue shares of the Company.
28. To enter into arrangements with the government or authority (supreme, municipal, local or otherwise) or any corporation, company, or persons that may seem conducive to the Company's objects or any of them and to obtain from any such government, authority, corporation, company or person any charters, contracts, rights, privileges and commission which the Company may think desirable and to carry on exercise and comply with any such charters, contracts, decrees, rights privileges and concessions.
29. To enter into partnership, to amalgamate, or merge movable with immovable and/or to buy on all interests, assets, liabilities, stocks, or to make any arrangement for sharing profits, union of interests, co-operation, joint-venture, reciprocal concession or otherwise with any person, firm or company carrying on or proposing to carry on any business which this Company is authorized to carry on or which is capable of being conducted so as directly or indirectly to benefit this Company and have foreign collaborations and to pay royalties/technical fees to collaborators subject to the provisions of the Company Ordinance, 1984.

30. To establish, promote or assist in establishing or promoting and subscribe to or become a member of any other company, association or club whose objects are similar or in part similar to the objects of the Company or the establishment or promotion of which may be beneficial to the Company, as permissible under the law.
31. To open accounts with any Bank or Banks and to draw, make, accept, endorse, execute, issue, negotiate and discount cheques, promissory notes, bills of exchange, bills of lading, warrants, deposit notes, debentures, letter of credit and other negotiate instruments and securities.
32. To arrange local and foreign currency loans from scheduled banks, industrial banks and financial institutions for the purpose of purchase, manufacture, market, supply, export and import of machinery, construction of factory, building and for the purpose of working capital or for any other purpose.
33. To sell or otherwise dispose of the whole or any part of the undertaking of the Company, either together or in portions for such consideration as the Company may think fit and in particular, for shares, debenture-stock or securities of any Company purchasing the same.
34. To borrow or raise money by means of loans or other legal arrangements from banks, or other financial institutions, or Directors in such manner as the Company may think fit and in particular by issue of debentures, debenture stock, perpetual or otherwise convertible into shares and to mortgage, or charge the whole or any part of the property, assets or revenue of the Company, present or future, by special assignment or to transfer or convey the same absolutely or in trust as may seem expedient and to purchase, redeem or pay off any such securities.
35. To pay all costs, charges, and expenses preliminary or incidental incurred in formation or about the promotion and establishment of the Company and to remunerate any person, firm or company for services rendered or to be rendered in or about the formation or promotion of the Company or the conduct of its business.
36. To give any servant or employee of the Company commission in the profits of the Company's business or any branch thereof and for the purpose to enter into any agreement or scheme the Company may deem fit and to procure any servants or employees of the Company to be insured against risk of accident in the course of their employment by the Company.
37. To establish and support or aid in the establishment and support of funds, trusts, associations, institutions and conveniences calculated to benefit persons who are or have been Directors of or who have been employed by or who are serving or have served the Company or any other Company which is a subsidiary or associate of the Company or the dependents or connection



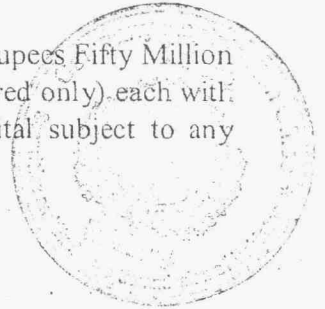
of such persons and to grant pensions, gratuities, allowances, relief's and payments in any other manner calculated to benefit the persons described herein.

38. To capitalize such portion of the profits of the Company as are not distributed among shareholders of the Company in the form of dividend as the Company may think fit and for the purpose to issue bonus shares as fully paid up, in favour of the shareholders of the Company.
39. To establish, construct, manage, maintain and run any charitable institutions, hospitals and research institutes for the benefit of the public or employees of the Company, their families and dependents and to send any person, employees or Directors of the Company abroad to any foreign country or in Pakistan.
40. To distribute any of the Company's property and assets among the members in specie or in any manner whatsoever in the event of winding up of the Company.
41. To adopt such means of making known the business and products of the Company as may seem expedient, and in particular by advertisement in press by circulars by purchase and exhibitions of works of art or interest, by publication of books and periodicals and by granting prizes, rewards, donations and also giving advertisements as permissible under law.
42. To carry out joint venture agreements with other companies or countries within the scope of the objects of the Company.
43. To cause the Company to be registered or recognized in any foreign country.
44. To do and perform all other legally permissible acts and things as are incidental or conducive to the attainment of the above objects or any of them.
45. To apply for and obtain necessary consents, permission and licences from any Government, State, Local and other Authorities for enabling the Company to carry on any of its objects into effect as and when required by law.
46. It is declared that notwithstanding anything contained in the foregoing object clauses of this Memorandum of Association nothing contained therein shall be construed as empowering the Company to undertake or to indulge in, business of banking company, leasing, investments, pre-payments sales scheme, managing agency or insurance business directly or indirectly as restricted under the law or any unlawful operation.


47. Notwithstanding anything stated in any object clause, the company shall obtain such other approval or license from the competent authority, as may be required under any law for the time being in force, to undertake a particular business.

IV. The liability of the members is limited.

- V. The authorized share capital of the company is Rs.50,000,000/-(Rupees Fifty Million only) divided into 500,000 shares of Rs.100/-(Rupees One Hundred only) each with powers to the company from time to time to increase its capital subject to any permission required under the law.



We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the Capital of the Company as set opposite to our respective names.

Name and Surname (Present & Former) in Full (in Block Letters)	C.N.I.C. No. (in case of foreigner, Passport No.)	Father's/ Husband's Name(in full)	Nationality with any former Nationality	Occupation	Residential Address (in Full)	Number of shares taken by each sub- scriber	Signatures
1. MUHAMMAD FAROUK KHAN	13101- 5418259-7	S/o Raja M. Zubair Effendi	Pakistani	Private Service	130-D, State Life Housing Society, Lahore.	1,000 One Thousand	
2. SYED SAFDAR ALI SHAH	35200- 2265334-5	S/o Syed Faqir Hussain Shah	Pakistani	Private Service	1 - JP, Ghazi Raod, Lahore.	1,000 One Thousand	
<div style="border: 1px solid black; padding: 5px; text-align: center;"> CERTIFIED TO BE TRUE COPY  ASSISTANT REGISTRAR OF COMPANIES COMPANY REGISTRATION OFFICE LAHORE. </div>						Total Number of Shares Taken 2,000 Two Thousand	

Dated this 18th Day of September, 2015.

Witness:

**National Institutional Facilitation
Technologies (Pvt.) Ltd.**

5th Floor, AWT Plaza,
I. I. Chundrigar Road,
Karachi.

THE COMPANIES ORDINANCE, 1984
(PRIVATE COMPANY LIMITED BY SHARES)

Articles of Association
of
**LAKE CITY MANAGEMENT
(PRIVATE) LIMITED**

PRELIMINARY

1. Subject as hereinafter provided, the Regulations contained in Table 'A' of the First Schedule to the Companies Ordinance, 1984, (hereinafter referred to as Table 'A') shall apply to the Company so far as those are applicable to Private Companies, with the exception of the Regulations which are modified, altered or added hereunder.

PRIVATE LIMITED COMPANY

2. The Company is a Private Company within the meaning of Clause (28) of Section 2(1) of the Companies Ordinance, 1984 and accordingly:-

(a) No invitation shall be issued to the public to subscribe for any shares, debentures or debenture-stocks of the Company;

(b) The number of members of the Company (exclusive of persons in the employment of the Company) shall be limited to fifty provided that for the purpose of this provision when two or more persons hold one or more shares in the Company jointly they shall for the purposes of this clause be treated as a single member; and

(c) The right to transfer shares in the Company is restricted in the manner and to the extent hereinafter appearing.

BUSINESS

3. The Company is entitled to commence business from the date of its incorporation.

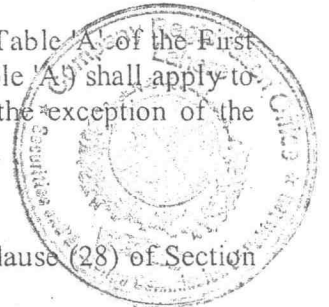
4. The business of the Company shall include all or any of the objects enumerated in the Memorandum of Association.

5. The business of the Company shall be carried out at such place or places in the whole of Pakistan or elsewhere as the Directors may deem proper or advisable from time to time.

CAPITAL

6. The Authorized Capital of the Company is Rs. 50,000,000/- (Rupees Fifty Million only) divided into 500,000 ordinary shares of Rs. 100/- (Rupees One Hundred only) each with powers to increase, reduce, consolidate, sub-divide or otherwise re-organize the share capital of the Company.

7. The shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit.



8. The shares in the capital of the Company may be allotted or issued in payment of any property, land, machinery or goods supplied or any services rendered to the Company or promotion or formation of the Company or conduct of its business and any shares so allotted may be issued as fully paid shares.

SHARES, TRANSFER AND TRANSMISSION

9. Every person whose name is entered, as a member in the Register of Members shall without payment be entitled to a certificate under the Common Seal of the Company specifying the shares held by several persons. The Company shall not be bound to issue more than one certificate and delivery of a share certificate to any one of several joint holders shall be sufficient delivery to all.

10. The Directors may decline to register any transfer of share to transferee of whom they do not approve and shall be bound to show any reasons for exercising their discretion subject to the provisions of Sections 77 and 78 of the Companies Ordinance, 1984.

11. No share can be mortgaged, pledged, sold, hypothecated, transferred or disposed off by any member to a non-member without the previous sanction of the Board of Directors.

12. The legal heirs, executors or administrators of a deceased holder shall be the only persons to be recognized by the Directors as having title to the shares. In case of shares registered in the name of two or more holders the survivors and the executors of the deceased shall be the only persons to be recognized by the Company as having any title to the shares.

GENERAL MEETING

13. The First Annual General Meeting shall be held within 18 months from the date of incorporation of the Company in accordance with the provisions of Section 158 and thereafter once at least in every year and within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding Annual General Meeting as may be determined by Directors. The Directors may, whenever they think fit, call an Extraordinary General Meeting of the shareholders in terms of Section 159 of the Companies Ordinance, 1984.

PROCEEDINGS AT GENERAL MEETING

14. Twenty one days' notice at least specifying the place, day and hour of the General Meeting and in case of special business the general nature of such business, shall be given to the members in the manner provided in Table "A" but accidental omission to give such notice to or non-receipt of such notice by the member shall not invalidate the proceedings of the General Meeting.

15. The Chief Executive, with the consent of a meeting at which quorum is present and shall if so directed by the meeting may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

QUORUM

16. No business shall be transacted at any General Meeting unless a Quorum of members is present at the time when the meeting proceeds to business. Two members, present in person, representing not less than 25% of the total voting power either on their own account or as proxies, shall form a Quorum for a General Meeting.

VOTES OF MEMBERS

17. At any General Meeting a resolution put to the vote of the General Meeting shall be decided on a show of hands, unless a poll is demanded in accordance with the provisions of Section 167 of the Companies Ordinance, 1984.

18. On a show of hands every member present shall have one vote and on a poll, every member present in person or by proxy shall have one vote in respect of each share held by him.

19. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or notarially certified copy of that power of attorney or authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy will not be treated as valid.

CHAIRMAN

20. The Directors may from time to time appoint one of their members to be the Chairman of the Company for a period not exceeding three years on such terms and conditions as they deem fit. The Chairman shall preside over the meetings of the Board of Directors and members of the Company. In his absence, the Directors may elect one of them to preside over Board's / General Meetings. The questions arising at the meeting of the Directors shall be decided by a majority of votes. In the case of equality of votes, the Chairman or the Director presiding over the meeting, as the case may be, shall have a casting vote.

CHIEF EXECUTIVE

21. The first Chief Executive of the Company will be appointed by the Board of Directors within fifteen days from the date of incorporation of the Company who shall hold office till the first Annual General Meeting.

DIRECTORS

22. Unless otherwise determined, the number of Directors shall not be less than two. The following will be the first Directors of the Company:

1. MUHAMMAD FAROUK KHAN
2. SYED SAFDAR ALI SHAH

23. The election of the Directors shall be held in accordance with the provisions of Section 178 of the Companies Ordinance, 1984.

24. The first Directors including the Chief Executive shall hold office up to the First Annual General Meeting in accordance with the provisions of the Companies Ordinance, 1984, unless any one of them resigns earlier or becomes disqualified for being Director or otherwise ceases to hold office.

25. A resolution for removing a Director shall not be deemed to have been passed if the number of votes against him is equal to, or less than the number of votes that would have been necessary for the election of Directors at the immediately preceding annual election of Directors in the manner aforesaid but as provided under Section 181 of the Companies Ordinance, 1984.

26. The remuneration of Directors except regularly paid Chief Executive and full time working Directors shall, from time to time, be determined by the Board of Directors but it shall not exceed Rs. 500/- per meeting at which the Directors are present.

27. The Directors may sanction the payment of such additional sums as they may think fit to any Director for any special service he may render to the Company or be thought capable of rendering either by fixed sum or in any other form as may be determined by the Directors subject to the provisions of the Companies Ordinance, 1984.

28. The Director who resides out of station shall also be entitled to be paid such traveling and other expenses for attending the meeting for the Company as may be fixed by the Directors from time to time according to the provisions of the Companies Ordinance, 1984.

29. Any casual vacancy occurring on the Board of Directors shall be filled in by a resolution of the Board of Directors and the person so appointed shall hold office for the remainder of the term of the Directors in whose place he is appointed.

30. No Director shall be disqualified from his office by contracting with the Company either as vendor, purchaser or otherwise nor shall any Director be liable to account for any profit realized from any such contract or arrangement or the fiduciary relation thereby established, but the nature of his interest must be disclosed by him at the first meeting of the Directors after acquisition of his interest.

NOMINEE DIRECTOR

31. In addition to the elected Directors, the Financial Institutions shall be entitled, during the currency of their respective loan(s) to the Company to appoint one person on the Board of Directors of the Company to be called Nominee Director and to recall and/or replace such a person from time to time. Such Nominee Director on the Board of Directors of the Company may not be holders of share(s) in the Capital of the Company and regulations and/or rule pertaining to the election, retirement, qualification and/or disqualification of Directors shall not apply to him.

NOTICES

32. Notices for every meeting of the Board of Directors will be given in writing and there must be given a reasonable time in advance. The nature of the business to be transacted at an intended Board meeting will be specified in the notice.

MANAGEMENT

33. The whole business and affairs of the Company shall, subject to the control and supervision of the Board of Directors, be managed and controlled by the Chief Executive.

34. Subject to the limit fixed by the Directors, the Chief Executive may from time to time raise or borrow any sums of money for and on behalf of the Company from other companies, banks or financial institutions on such terms as may be approved by the Board of Directors from time to time.

35. Without prejudice to the powers conferred by these Articles, the Board of Directors shall have the following powers:-

- (a) To take on lease, purchase, erect or otherwise acquire for the Company any assets, stocks, lands, buildings, property, rights or privileges which the Company is authorized to acquire at such price and generally on such terms and conditions as they think fit.

(b) To let, mortgage, sell, exchange or otherwise dispose of absolutely or conditionally all or any part of the assets, stocks, raw materials, properties, privileges and undertaking of the Company upon such terms and conditions and for such consideration as they think fit.

(c) To appoint any person or persons to be attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as they may, from time to time, think fit.

(d) To enter into, carry out, rescind or vary all financial arrangements with any bank, person, company, firm or corporation or in connection with such arrangements to deposit, pledge or hypothecate property of the Company or the documents representing or relating to the same.

(e) To make and give receipts, release and discharge all moneys payable to the Company and for the claims and demands of the Company.

(f) To compound or allow time to the payment or satisfaction of any debt due to or by the Company and any claim and demands by or against the Company and to refer claims or demands by or against the Company to arbitration and observe and perform the awards.

(g) To institute, prosecute, compromise, withdraw or abandon any legal proceedings by or against the Company or its affairs or otherwise concerning the affairs of the Company.

(h) To raise and borrow money from time to time for the purposes of the Company, on the mortgage of its property or any part thereof and/or on any bond or debenture payable to bearer otherwise repayable in such a manner and generally upon such terms as they think fit.

(i) To open, operate and maintain bank/banks account(s) individually or jointly as the Board may authorize or to any other person on its behalf.

BORROWING POWERS

36. The Directors may from time to time raise, borrow or secure the payment of any sums for the purposes of the Company in such manner and upon such terms and conditions as they think fit and in particular by the issue of debentures, debenture-stock or other securities charged upon all or any part of the property of the Company present or future.

37. Debentures, debenture-stock, or other securities may be issued with any special privileges as to redemption, surrender, allotment of shares, attending and appointment of Directors or other privileges subject to any permission required by law.

THE SEAL.

38. The Company shall have a Common Seal and the Directors shall provide for the safe custody of the same. The Seal shall not be applied on any instrument except by the authority of the Board of Directors and in the presence of at least two Directors who shall sign every instrument to which the Seal shall be affixed in their presence. Such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed.

ACCOUNTS

39. The Directors shall cause to be kept proper books of account as required under Section 230 of the Companies Ordinance, 1984.

40. The books of account shall be kept at the registered office of the Company or at such other place as the Directors shall think fit subject to the provisions of Section 230 of the Companies Ordinance, 1984.

AUDIT

41. Once at least in every year the accounts of the Company shall be audited and correctness of the Balance Sheet shall be ascertained by one or more Auditors. The Auditors shall be appointed and their duties regulated in accordance with the provisions of Section 252 to 255 of the Companies Ordinance, 1984.

INDEMNITY

42. In connection with carrying on the business of the Company, the Chief Executive, every Director, or other officers of the Company shall be indemnified by the Company for all losses and expenses occasioned by error of judgment or oversight on his part, unless the same happens through his own dishonesty or willful act and defaults.

SECRECY

43. No member shall be entitled to visit and inspect the Books of the Company without the permission of the Chief Executive or one of the Directors or to require discovery of any information regarding any detail of the Company's business or any matter which is or may be in the nature of trade secret, or secret process which may relate to the conduct of the Company's business and which in the opinion of the Directors, will not be in the interest of the members of the Company to communicate to the public.

ARBITRATION

44. In the event that a dispute, claim or controversy arises between the company, its management and its shareholders, or between the shareholders inter-se, all steps may be taken to settle the dispute and resolve the issue through mediation by an accredited mediator before taking recourse to formal dispute resolution such as arbitration or litigation.


45. Whenever any difference arises between the Company on the one hand and the members, their executors, administrators or assignee on the other hand, touching the true intent or construction or the incident or consequence of these present or of the statutes or touching anything thereafter done, executed, omitted or suffered in pursuance of these presents or otherwise relating to these presents or to any statutes affecting the Company, every such difference shall be referred for the decision of the arbitrator who will be qualified in Islamic law.

46. The cost incidental to any such reference and award shall be at the discretion of the arbitrator or umpire respectively who may determine the amount thereof and direct the same to be shared between the attorney and client or otherwise and may award by whom and in what manner the same shall be borne and paid.

WINDING UP

47. If the Company is wound up whether voluntarily or otherwise the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie any part of the assets and liabilities of the Company, subject to Section 421 and other provisions of the Companies Ordinance, 1984 as may be applicable.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company, in pursuance of this Articles of Association, and we respectively agree to take the number of shares in the Capital of the Company as set opposite to our respective names.

Name and Surname (Present & Former) in Full (in Block Letters)	C.N.I.C. No. (in case of foreigner, Passport No.)	Father's / Husband's Name(in full)	Nationality with any former Nationality	Occupation	Residential Address (in Full)	Number of shares taken by each sub- scriber	Signatures
1. MUHAMMAD FAROUK KHAN	13101- 5418259-7	S/o Raja M. Zubair Effendi	Pakistani	Private Service	130-D, State Life Housing Society, Lahore.	1,000 One Thousand	
2. SYED SAFDAR ALI SHAH	35200- 2265334-5	S/o Syed Faqir Hussain Shah	Pakistani	Private Service	1 - JP, Ghazi Raod, Lahore.	1,000 One Thousand	
<div style="border: 1px solid black; padding: 5px; text-align: center;"> CERTIFIED TO BE TRUE COPY  ASSISTANT REGISTRAR OF COMPANIES COMPANY REGISTRATION OFFICE LAHORE. </div>						<div style="border: 1px solid black; padding: 5px; text-align: center;"> 2,000 Two Thousand </div>	
Total Number of Shares Taken							

Dated this 21st Day of September, 2015.

Witness:

**National Institutional Facilitation
Technologies (Pvt.) Ltd.**

5th Floor, AWT Plaza,
I. I. Chundrigar Road,
Karachi.

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Section 01 Details of Petitioner

1.1 Name and Address

Lake City Management (Private) Limited
3-KM, Main Raiwind Road, Lahore, Pakistan
UAN: +92 (42) 111 000 096,
FAX: +92 (42) 353 227 54
Phone: 042-35322754

1.2 Authorized Representatives of Project Company

- 2 Mr. Farrukh Khan, Director
- 3 Mr.Safdar Ali Shah, Director
- 4 Brig ® Pervaiz Bashir, Executive Director Coordination
- 5 Col ® Nauman Siddiqe, Ex Director(Engineering & Construction Services)
- 6 Lt Col ® Nadeem Afazal, Manager Coordination
- 7 Mr.Sheikh Muhammad Yahya, Electrical Consultant
- 8 Mr.Hasnat Ahmad Khan, Electrical Consultant
- 9 Mr.Asad Mumtaz Baloch (ACA), Financial Consultant

Section 02 Grounds for Tariff Petition

2.1 National Electric Power Regulatory Authority – The Competent Authority For Determination Of Tariff

2.1.1 NEPRA Act and NEPRA Rules

The National Electric Power Regulatory Authority (NEPRA) (under the Regulation for Generation, Transmission and Distribution of Electric Power Act (XL of) 1997) is responsible, for the determination of tariffs and other terms and conditions for the supply of electricity through generation, transmission and distribution. As per NEPRA's responsibilities it will determine the process and procedures for tariff reviews and recommend any tariff adjustments.

NEPRA is also responsible for determining the process and procedures for reviewing tariffs and recommending tariff adjustments. All procedures for tariff determination have been referred to the NEPRA (Tariff Standards and Procedure) Rules, 1998 (the NEPRA Rules).

2.2 Request for determination of tariff

As all the requirements of tariff petition has been completed, therefore it is submitted to NEPRA for the tariff determination of Lake City Management (Private) Limited.

2.3 Submission

Pursuant to the relevant provisions of the NEPRA Rules, read with the provisions of the NEPRA Act and the Rules and Regulations made there under; and in respect of compliance by Lake City Management (Private) Limited (LCM) Submits herewith before NEPRA, the competent regulatory authority lawfully authorized to determine tariff , for its approval a tariff petition (the Tariff Petition) for approval of following:

- the reference generation tariff (the Reference Generation Tariff);
- the energy production estimates;
- the Indexations and Adjustments;
- Adjustments at commercial operations date;
- Other matters set out in this Tariff Petition, in each case, for Lake City Management (Private) Limited 3.76 MW RFO based power generation facility .

Given the advance stage of the project, NEPRA is kindly requested to process the Tariff Petition at the earliest, thereby enabling LCM to proceed further with the development process.

Section 03 Executive Summary

The following Petition has been designed for the ease of the reader; therefore the Petitioner has adopted the framework of earlier petitions approved by NEPRA. The various cost heads, terminology and rationales in earlier petitions approved by NEPRA have been used within this document. It is expected that this approach will accelerate the tariff analysis and approval process.

3.1 Project Background

Project Company conducted number of processes leading to tariff petition of the project. This includes amongst other application for generation license and conducting various studies in relation to the project, and selection of plant supplier. In order to select plant supplier, Project Company carried out a comparative analysis, after which the engines MAN were selected.

The capital structure of the Project is envisaged at 70:30 (Debt: Equity). Debt for the project would be obtained from Local Banks & Investment companies

Under the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997 (the "NEPRA Act"), the Authority is mandated to determine tariff and other terms and conditions for the supply of electricity through generation, transmission and distribution.

The tariff petition is being filed before National Electric Power Regulatory Authority (the "NEPRA" or the "Authority") pursuant to Rule 3 of the NEPRA (Tariff Standards and Procedure) Rules, 1998.

3.2 Particulars Required Under Tariff Rules

In accordance to Rule 3 of the National Electric Power Regulatory Authority (Tariff Standards and Procedures) Rules, 1998 (Tariff Rules):

- The name and address of the Petitioner
- The Petitioner has filed application for Generation and Distribution License for the project to NEPRA
- The grounds and facts forming the basis of this Petition are set forth in the main body of this petition
- The reliefs sought by the Petitioner are set forth in the Operations cost chapter
- The summary of evidence is this Executive Summary, with the details of the facts, evidence and documents in support set forth in the Annexes.

3.3 Summary Features of the Project

Project Company	Lake City Management (Private) Limited
Sponsor	Safdar Ali Shah
Project Location	Lake City Holdings Housing Society, Lahore, Pakistan, 3-KM, Main Raiwind Road, Lahore, Pakistan
Gross Capacity	3.76
Efficiency	38 %
Fuel	RFO
Concession Period	25 years
Power Purchaser	Lake City Holding Housing Society
Generator	[MAN]

No. of Engines	[2]	
Local Contractor	[IMS]	
Capacity Factor	85%	
Annual Benchmark Energy	26,500,000 kWh	
Project Cost	Description	PKR Million
	EPC Cost	460.1
	Non-EPC Cost	10.0
	Land Cost	3.3
	Owners Engineers	15.0
	Project Development Cost	10.0
	LTSA Spares	8.4
	Start-up Fuel	1.8
	Duties	25.0
	Insurance During Construction	5.7
	Financial Fee and Charges	12.0
	Interest During Construction	18.3
	Total Project Cost	569.6
Project Financing	Description	% PKR Million
	Equity	30% 398.7
	Debt	70% 170.9
	Total	100% 569.6
Operations Cost	Description	PKR Million
	Fuel cost	303.85
	O&M cost	38.5
	Insurance	4.15
	Total	346.5
Levelized Tariff	US Cents 15.0021/kwh > Pkr 15.7522/kwh	

Section 04 Grounds of Tariff Petition

4.1 Energy and its Importance

The future of economic development hinges upon energy security and reframing of public policy for effective policy interventions, setting the standard for shaping out the future of energy demand. The global demand for different fuel sources is changing the overall energy mix to support cost effective methods sustaining economic growth. The demand for energy has put pressure on people around the world to explore new vistas for energy and think beyond the available sources of energy. Exploring new renewable energy sources has become more important to lead the world towards a more secure, reliable and sustainable energy path.

Energy is the key determinant of economic development and the prosperity of society. It also provides an impetus for sustaining economic growth. Pakistan, which falls in the middle income group, has been facing an unprecedented energy crisis for past few years as the demand and supply gap widens. Its current energy demand far exceeds its indigenous supply, fostering dependency on imported oil that puts substantial burdens on the economy. Recent unrests in the Middle East and North Africa (MENA) and the country's political turmoil have put an increasing pressure on international oil prices, with implications on Pakistan's burgeoning oil import bill, and increasing costs in the power generation sector, leading to a severe domestic shortage of electricity and gas.

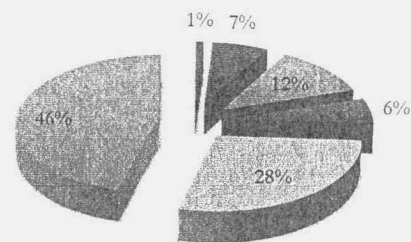
4.2 Overview of Pakistan Power Sector

Pakistan has an installed electricity generation capacity of 21,813 M.W, which has produced 91,960 GWh of electricity in the last fiscal year. Due to a growing population and rapid increase in Energy Demand, the country is facing a shortfall of about 5,000 M.W; therefore, to fulfill the increasing energy demand of the country, a budget of USD 1.4 Billion has been allocated to the development of power generation and up gradation of transmission and distribution networks.

Source of Electricity	Total in System (M.W)
IPPs	7,584
Thermal	6,831
Hydel	6,664
Nuclear	462
Others	272
Total Installed Generation Capacity	21,813

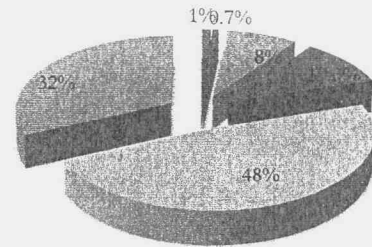
Electricity consumption and supply source

Segment-wise Share of Electricity Consumption



■ Street Lights
 ■ Agriculture
 ■ Industrial
 ■ Commercial
 ■ Other Govt.
 ■ Household

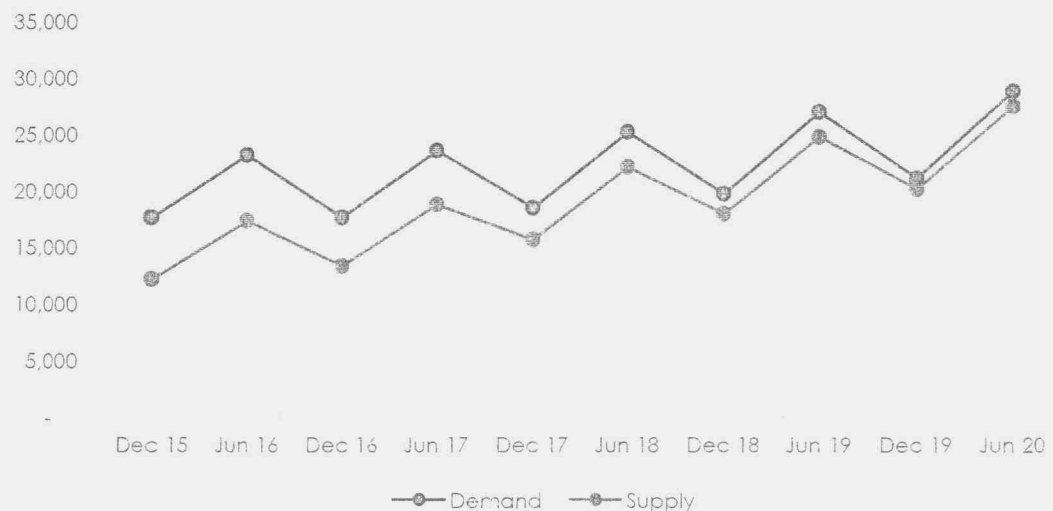
Supply by Source



■ LPG
 ■ Coal
 ■ Natural Gas
 ■ Nuclear
 ■ Hydroelectricity
 ■ Oil

Pakistan's energy constraints have become more pronounced in the past 5 years, as energy supplies have failed to meet the demand emanating from a 5-year annualized 4.4% growth of the economy. The demand-supply mismatch has affected millions of domestic consumers, industries, and the economy. The graph below shows the demand supply gap of energy in Pakistan.

Demand supply gap of electricity in Pakistan (MW)



Pakistan has a history of successfully tapping into the private sector through the IPP program in the thermal segment. About a third of the installed power generation capacity in Pakistan is in the private sector. However, now, the bulk of the generation is planned through hydro and coal based plants, which have previously seen little participation from the private sector. In recent years, Pakistan has managed to attract USD 34 billion of private investment in power projects from China.

The circular debt represents inefficiency in the electricity sector and has increased to 1.5 times as compared to last year. Due to high energy prices, a shift from expensive imported fuel (oil) to indigenously available alternative fuel (gas) has been seen, creating a huge gap between demand and supply and has compelled the government to tackle this with a load management strategy along with an increase in prices.

The hydro potential is estimated at 59,773 MW while the existing installed hydro generation capacity stands at 6,444 MW. Currently, 26 IPPs are operating in the country with the combined installed generation capacity of 7,584 MW. In the public sector, the thermal and nuclear generation capacities stand at 6,831 MW and 462 MW respectively.

The country's total identified hydel potential is estimated around 30,000 MW on the main rivers. Additionally, a substantial amount of hydel potential is also available outside the main river valleys; in the northern mountainous regions including AJ & K. The Northern part of the country is rich in hydropower resources. The main constraints in Hydel Power production are:

▪ **Long construction period**

Large hydel projects have long gestation period; they take almost a decade to plan and investigate and another decade to fully develop, provided the financial and manpower resources are available.

▪ **High capital cost**

Large hydel projects are highly capital intensive. A developing country like Pakistan with limited financial resources cannot possibly conceive undertaking more than one super project at a time with long-term investment.

▪ **Dependence on Seasonal variations in River Flows**

The hydel power generation in December and January is the lowest and therefore has to be supplemented with other alternative power sources if load shedding is to be avoided.

Hydel power stations operating in Pakistan

Hydel Power Station	Installed Capacity (M.W)	Energy Generation (GWh)	C.O.D
Tarbela	3,478	15,801	1977-93
Ghazi Barotha	1,450	7037	2003-04
Mangla	1,000	5443	1967-94
Warsak	243	1009	1960-81
Chashma	184	959	2001
Other	161	651	1950-2011
Total	6,516	30,900	

As evident from the above table, no mega project of hydel power has been installed since Ghazi Barotha in 2003-04. The country is facing severe electricity shortage and Government of Pakistan is appreciating Private Power Plants of housing schemes. There is need to set up power projects like LCM 3.76 MW RFO based generation facility.

Section 05 The Project

5.1 Project Sponsors

Lake City holdings is a collaboration between some of the largest business and industrial groups of Pakistan. Lake City holdings Lahore has more than 10 year experience of successful operation and maintenance of its own underground distribution system.

Lake City holding comprising of 16,834 Kanals is a resort / residential development planned 13 Km on outskirts of Lahore. Lake City was established in 2005. The project is planned around 18 holes 214 Acres, the largest in Pakistan with luxury bungalows surrounding the course greens.

5.2 The Project

Lake City is establishing a 3.76 MW HFO Fired Power Plant to fulfill the initial Electricity demand for the residents of Lake City Housing. As per the Load requirement, in future, Power Plant will be upgraded to cater Energy requirement in phases. Management has taken necessary approvals from all the concerned departments such as EPA, TEPA, Energy department Sui gas department, WASA etc. for the smooth and effective working.

Lake City Holdings took initiative to Generate and Distribute Electricity to its consumers of its own for the ease of its residents of the society. For which initially Lake City holdings Housing Society at the moment is establishing a 3.76MW Power Project HFO based generation facility. Total Estimated Designed Load of Lake City Holdings Housing Society is 68.7 MW.

In view of the load projection, a Power Plant of 2 x 1.88 MW is being established initially with a project cascading program of units of 1.88 MW each as per the load growth. A number of units of similar capacity shall be added as per the load requirement till the economics of running the system on self-Generation and subsequent provision of securing of additional Power through wheeling arrangement as per NEPRA latest provisions.

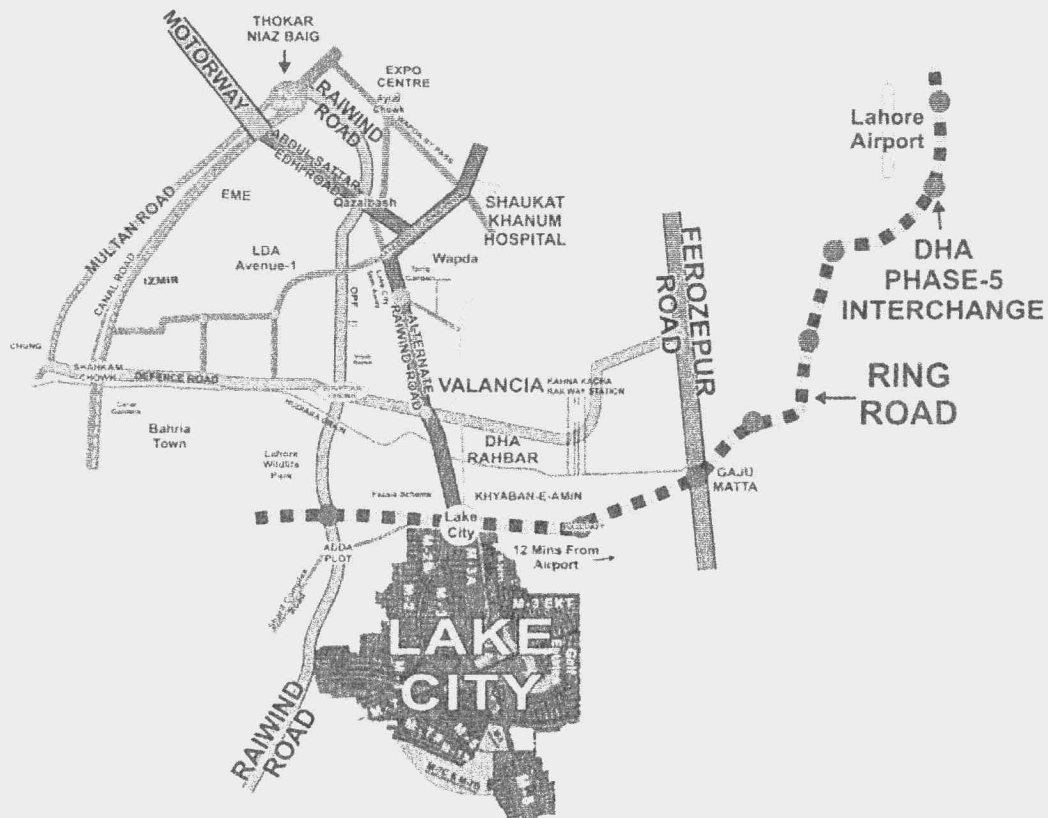
5.3 Project Site

The proposed project is planned around 18-hole 214 acres, regulation Golf Course, the largest in Pakistan, with luxury bungalows surrounding the course greens. This self-contained community offers its residents all the amenities in addition to a secure and elite lifestyle.

The Project Site for the power plant construction is within the vicinity of Lake City Holdings Housing Society which is located at the 13 Km Raiwind Road Lahore.

Chosen site for power plant is a brown field without any civil objects, services, infrastructure etc. However Lake City Holdings Housing can provide all necessary connections important for construction such as electricity and water. The site is easily accessible by existing road networks.

Site location in Lahore



The salient features of project site are delineated as below;

- Easy access to roads and railways
- Uninterrupted supply of Fuel and water
- Easy availability of semi-skilled and skilled labor

5.4 Technology Selection

Since the capacity of Power Plant required for the load growth Housing Colony is of small order, as such Gas Turbines, Steam Turbines combined cycle option are not appropriate. As such, in this small range of 2 MW Machines the suitable Technology is Internal Combustion Engines and consequently MAN Engines in the range of 2 MW (precisely 1.88 MW) have been finalized for project implementation with a dual Fuel arrangement.

5.5 Technical Specification of Project

Given below are some of the key specification of the project:

Description	Value
Type	9/21/313
Generation Voltage	11,000 V
Frequency	50-60Hz
Pf	90%
Auto Control	NA

Alternate Fuel	Diesel
Aux Consumption	5kVA
Sync with Grid	NA
Max Speed	26,100 rpm
Max Temp	580 c
Boil Capacity	1000 m n
Initial Pressure	12 bars
Starting	9 bars

5.6 Proposed Fuel

In the absence of Gas availability, Logistics in RLNG Solution as well as renewable energy i.e bagasse etc and high cost Diesel Fuel choice of fuel has been taken as RFO — the main fuel with machines having dual fuel arrangement as gas with a back up arrangement as may be available later RFO stands as most viable and economical solution in its availability logistics and easy to handle.

Section 06 Project Cost

Total cost for setting up 3.76 MW power plant arrives Pak Rupees 569.6 Million. These costs have been calculated after careful examination and due consideration of the factors related to development and installation of generation facility. Project Company has used reference conversion rate of 1 USD=PKR 105. The breakup of the Project Cost is as follows:

Project Cost	PKR M
EPC Cost	460.1
Non-EPC Cost	10.0
Land Cost	3.3
Owners Engineers	15.0
Project Development Cost	10.0
LTSA Spares	8.4
Start-up Fuel	1.8
Duties and Taxes	25.0
Insurance During Construction	5.7
Financial Fee and Charges	12.0
Interest During Construction	18.3
Total Project Cost	569.6

6.1 EPC Cost

EPC cost comprise machinery and construction cost for turnkey of the project. This cost head comprises cost of engine, aux, cooling tower, mechanical piping, tanks, water treatment plant, electrifications, controls and construction of the plant. The breakup of EPC cost is as follows:

EPC Cost	PKR M
Engine+Aux+Cooling Towers	400.0
Mechanical piping, Tanks, Water treatment	11.4
Electrification, Controls	10.8
Construction Cost	37.9
Total EPC Cost	460.1

6.2 Non-EPC Cost

In addition to the work to be done by the EPC Contractor there are other works/items that are essential part of the Project. Costs related to all such items are included in Non EPC Costs. Non-EPC cost comprise of cost of fixed assets, office/residential facility for staff, security cost, IT and other equipment required for plant operations. Total cost under this head amounts to PKR 10 Million.

6.3 Land

Project shall be located within the vicinity of Lack City. For this purpose an area of 1.625 acres have been allocated. Cost per acres amounts to PKR 2 Million. Therefore a cost of PKR 3.25 Million has been estimated under this head.

6.4 Owner's Engineer

Lake City shall hire owner's engineers during the construction period of the Project. Owner's Engineers comprising of technical team shall supervise the construction activities of the project from owner's side. A cost of PKR 15 Million has been allocated under this head.

6.5 Project Development Cost

The Project Development Cost includes the costs incurred for the purpose of the project development and includes all costs, fees and expenses incurred or to be incurred for such purpose. These costs include, inter alia, costs of feasibility studies, topographical survey of land, and preliminary geotechnical investigation of land, environment study, grid and other studies, fees of project consultants/ advisors, various regulatory fees to be paid to NEPRA, costs incurred during Project Company formation and costs related to various permits for the Project.

Project Development Cost also includes the "Project Administration Costs", which are costs required to maintain office for coordination with Project stakeholders and to coordinate the construction and monitoring services at Project site, under Project Administration Costs. The costs include rent, utilities and vehicle running expenses, maintenance and other office expenses during the construction period. A cost of PKR 10 Million has been estimated under this head.

6.6 LTSA & Spares

Lake City shall enter into a Long Term Service Agreement for spares of the plant in order to ensure smooth operations. A cost of PKR 8.4 Million has been assumed under this head.

6.7 Startup Fuel

Startup fuel shall be required for testing, kick start commissioning of the plant at the time of start of commercial operations. Cost fuel required at the time of startup of operations has been assumed at PKR 1.8 Million

6.8 Duties and Taxes

Lake City has assumed following duties and taxes for the Project:

- a) Custom Duty @ 5.00% (Five Percent) has been assumed on import of machinery, equipment, goods, spares and materials for the Project, in accordance with the Policy. In case a higher rate of Custom Duty is levied the same shall be charged and adjusted as per actual at COD.
- b) Sindh Infrastructure Development Surcharge @ 1.15% (one point one five percent) of the imports for the Project has been assumed. The chargeability of Sindh Infrastructure Development Surcharge (the SIDS) is based on (i) the weight of the imported equipment / items, (ii) the distance of the Site from the port and (iii) use of equipment in Sindh.

A cost of PKR 25 Million has been estimated under this head. In case any other duty and tax becomes applicable on import of plant, Authority is requested to allow it as pass through.

6.9 Insurance During Construction

The insurance has been taken at a premium of 1.35% of the imported equipment and EPC services.

6.10 Financial Fees and Charges

Financing Fees and Charges at the rate of 3 % of the debt have been assumed. Upfront fee of 2% has been assumed. Another 0.5 % of the debt is assumed on the undrawn loan as Commitment Fee. The LC charges are assumed to be 1 % of the imported equipment value.

6.11 Interest During Construction

Interest during construction has been calculated on the basis of drawdowns. For this purpose, construction period of 18 months has been taken. The rates are given at the table below.

Description	Percentage
KIBOR	6.17
Spread	3.00
Interest Rate	9.17

Section 07 Project Financing

Project cost is financed at a debt equity ratio of 70:30. Table below provides the amount of debt and equity contributions towards project cost.

Project Financing	PKR M
Equity	398.7
Debt	170.9
Total	569.6

7.1 Equity

Equity of the project has been injected by Lake City Management (Private) Limited. Return on Equity (ROE) at the rate of 17% has been taken in the tariff. Authority is hereby requested to allow ROE at the rate of 17% for the project.

7.2 Debt

The debt has been obtained from local banking institutes. The details are following:

Debt Financing	Value
Payback Period	10 years
Repayment	Semiannual
Base Rate KIBOR	6.17%
Spread	3.00%
Total Rate	9.17%

Section 08 Operations Cost

Operations and maintenance (O&M) cost comprise of fuel cost, fixed and variable O&M. Given below is the bifurcation of annual Fixed and Variable O&M of the project, claimed in the original tariff petition, and this addendum to the tariff petition.

Operations Cost	PKR
Fuel Cost	303.9
Variable O&M – Foreign	25.0
Variable O&M – Local	5.0
Fixed O&M – Foreign	6.0
Fixed O&M – Local	2.5
Insurance	4.15
Total Operation Cost	346.5

8.1 Fuel

Fuel cost for operational period has been at RFO of 225 grams/kWh, which amounts to annual fuel cost of PKR 304 Million per annum. **Fuel** would be purchased directly from the local refineries at the competitive prices and the fuel cost includes the freight till the plant.

8.2 Variable O&M - Foreign

Foreign component of variable O&M includes cost of imported spare parts as well as necessary foreign technical services during normal scheduled maintenance, unscheduled maintenance and cost of major overhauling. The Generators sets and associated equipment have manufacture recommended overhauling schedules that are based on actual running hours of the generators. The consumption of spare parts and the intervals between major overhauls are also directly related to plant dispatch and electricity produced from the plant. Additionally certain other foreign spare parts may also be required for smooth functioning of the plant. A cost of PKR 25 Million per annum has been assumed under this head.

8.3 Variable O&M - Local

These include cost of lubricant oil, Chemicals and other supplies. A cost of PKR 5 Million per annum has been assumed under this head.

8.4 Fixed O&M - Foreign

The fixed O&M charge consists of O&M fee. A cost of PKR 6 Million per annum has been assumed under this head.

8.5 Fixed O&M - Local

The fixed O&M charge consists of remuneration of operational staff and executives of plant operations, administration expenses including rent, utilities, local taxes, security, transportation, tax and legal fees, audit, environmental monitoring and company overheads. A cost of PKR 2.5 Million per annum has been assumed under this head.

8.6 Insurance Cost

The insurance cost consists of operations all risk insurance for the project, as well as business-interruption insurance; these are standard insurances required for power projects in Pakistan.

Aforementioned insurances are required to be maintained throughout the life of the Project. Project Company hereby request Authority to allow operational insurance at the rate of 1% of EPC cost.

8.7 General Terms & Conditions

In addition to the assumptions made in the foregoing paragraphs the following general assumptions have been made while calculating the Petitioners Generation Tariff.

1. Annual Plant availability of 85% is assumed. Scheduled outage allowance of 30 days per unit per annum is assumed provided that in a major overhaul year (Once in every four years) the scheduled outage allowance period shall be 60 days per unit. Annual Unscheduled outages of 600 hours per unit is assumed.
2. A constant ROE of 16% is assumed over the period of 25 Years commercial operation period from and after COD.
3. Any Tax on the any income of Project Company, including sale proceeds from Power Purchaser, Sales Tax & all other corporate taxes will be treated as pass-through items.
4. The plant net efficiency is assumed to be 38% at current stage
5. Any other concessions/incentives given to other similar power projects shall also be enjoyed by the Project Company.

Section 09 Reference Tariff

Section 10 Indexations & Adjustments

10.1 Indexations and Escalations

It is submitted that indexations be made on 1st January, 1st April, 1st July and 1st October respectively, on the basis of latest information available with respect to Consumer Price Index (CPI) (General), as notified by Pakistan Bureau of Statistics, US CPI (for all Urban-consumer) as notified by US Bureau of Labor Statistics and exchange rate as notified by National Bank of Pakistan.

Following are the indexation factors that shall be determined by NERPA from time to time

- a) Quarterly Adjustment of Exchange Rate Variation
- b) Quarterly adjustment for Local inflation based on CPI
- c) Quarterly adjustment for Foreign inflation based on CPI
- d) Semi Annual Adjustment in KIBOR & LIBOR
- e) Annual Adjustment in Insurance component for actual insurance paid

10.1.1 Foreign Variable O&M Component

The Reference Foreign Variable O&M Cost Component of the Variable O&M Cost shall be quarterly indexed to both:

- (a) the USD/PKR exchange rate, based on the revised TT & OD selling rate of USD as notified by the National Bank of Pakistan; and
- (b) US CPI (for all Urban-consumer), as issued by the US Bureau of Labor Statistics.

The applicable formula shall be as follows:

$$VO\&M_{(FRev)} = \text{Relevant Reference Generation Tariff Component} * \left(\frac{US\ CPI_{(Rev)}}{US\ CPI_{(Ref)}} * \left(\frac{FX\ USD_{(Rev)}}{FX\ USD_{(Ref)}} \right) \right)$$

Where:

$VO\&M_{(FRev)}$ = the revised Foreign Variable O&M Cost Component applicable for the relevant quarter

$US\ CPI_{(Rev)}$ = the revised US CPI (for all Urban-consumers) for the month prior to the month in which indexation is applicable, as issued by the US Bureau of Labor Statistics

$US\ CPI_{(Ref)}$ = the US CPI (for all Urban-consumers) for the month in which tariff is determined, as issued by the US Bureau of Labor Statistics.

$FX\ USD_{(Rev)}$ = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

$FX\ USD_{(Ref)}$ = TT & OD selling rate of PKR/USD, prevailing on the date of tariff determination as notified by the National Bank of Pakistan

10.1.2 Local Variable O&M Cost Component

The Reference Local Variable O&M Cost Component of the Variable O&M Cost shall be quarterly indexed to the WPI of manufacturing in Pakistan, as notified by the Federal Bureau of Statistics based on the following formula:

$$VO\&M_{(LRev)} = \text{Relevant Reference Generation Tariff Component} * \frac{(WPI_{(Rev)} / WPI_{(Ref)})}{1}$$

Where:

$VO\&M_{(LRev)}$ = the revised Local Variable O&M Cost Component applicable for the relevant quarter

$WPI_{(Rev)}$ = the revised WPI of manufacturing in Pakistan for the month prior to the month in which indexation is applicable, as notified by the Federal Bureau of Statistics.

$WPI_{(Ref)}$ = the WPI of manufacturing in Pakistan for the month in which tariff is determined, as notified by the Federal Bureau of Statistics.

10.1.3 Foreign Fixed O&M Cost Component

The Reference Foreign Fixed O&M Cost Component shall be quarterly indexed to the WPI of manufacturing in Pakistan, as notified by the Federal Bureau of Statistics based on the following formula:

$$LFO\&M_{(FRev)} = \text{Relevant Reference Generation Tariff Component} * \frac{(US\ CPI_{(Rev)} / US\ CPI_{(Ref)}) * (FX\ USD_{(Rev)} / FX\ USD_{(Ref)})}{1}$$

Where:

$LFO\&M_{(FRev)}$ = the revised Foreign Fixed O&M Cost Component applicable for the relevant quarter

$WPI_{(Rev)}$ = $US\ CPI_{(Rev)}$ = the revised US CPI (for all Urban-consumers) for the month prior to the month in which indexation is applicable, as issued by the US Bureau of Labor Statistics

$US\ CPI_{(Ref)}$ = the US CPI (for all Urban-consumers) for the month in which tariff is determined, as issued by the US Bureau of Labor Statistics.

$FX\ USD_{(Rev)}$ = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

$FX\ USD_{(Ref)}$ = TT & OD selling rate of PKR/USD, prevailing on the date of tariff determination as notified by the National Bank of Pakistan

10.1.4 Local Fixed O&M Cost Component

The Reference Local Fixed O&M Cost Component shall be quarterly indexed to the WPI of manufacturing in Pakistan, as notified by the Federal Bureau of Statistics based on the following formula:

$$LFO\&M_{(LRev)} = \frac{\text{Relevant Reference Generation Tariff Component} *}{(WPI_{(Rev)} / WPI_{(Ref)})}$$

Where:

$LFO\&M_{(LRev)}$ = the revised Local Fixed O&M Cost Component applicable for the relevant quarter

$WPI_{(Rev)}$ = the revised WPI of manufacturing in Pakistan for the month prior to the month in which indexation is applicable, as notified by the Federal Bureau of Statistics.

$WPI_{(Ref)}$ = the WPI of manufacturing in Pakistan for the month in which tariff is determined, as notified by the Federal Bureau of Statistics.

10.1.5 Insurance Cost

The Reference Insurance Cost Component shall be quarterly indexed to USD/PKR exchange rate, based on the revised TT & OD selling rate of USD notified by the National Bank of Pakistan.

(a) Indexation Formula

The indexation of the Insurance Cost Component shall be based on the following formula:

$$Insurance_{(Rev)} = \frac{\text{Relevant Reference Generation Tariff Component} *}{(FX\ USD_{(Rev)} / FX\ USD_{(Ref)})}$$

Where:

$Insurance_{(Rev)}$ = the revised Insurance Cost Component applicable for the relevant quarter

$FX\ USD_{(Rev)}$ = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

$FX\ USD_{(Ref)}$ = TT & OD selling rate of PKR/USD, prevailing on the date of tariff determination as notified by the National Bank of Pakistan

10.1.6 Return on Equity

In line with NEPRA's previous determinations for thermal IPPs and the hydro IPPs, the ROE, ROE-DC, and ER Component of the Reference Generation Tariff shall be quarterly indexed to the USD/PKR exchange rate, based on the revised TT & OD selling rate of USD notified by the National Bank of Pakistan.

The applicable formula shall be as follows:

$$\text{ROE}_{(\text{Rev})} = \text{Relevant Reference Generation Tariff Component} * \left(\frac{\text{FX USD}_{(\text{Rev})}}{\text{FX USD}_{(\text{Ref})}} \right)$$

Where:

$\text{ROE}_{(\text{Rev})}$ = the revised ROE component applicable for the relevant quarter

$\text{ROE-DC}_{(\text{Rev})}$ = the revised ROE-DC component applicable for the relevant quarter

$\text{ER}_{(\text{Rev})}$ = the revised ER component applicable for the relevant quarter

$\text{FX USD}_{(\text{Rev})}$ = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

$\text{FX USD}_{(\text{Ref})}$ = TT & OD selling rate of PKR/USD, prevailing on the date of tariff determination as notified by the National Bank of Pakistan

10.1.7 Withholding Tax on Dividend

The Reference Withholding Tax Component shall be quarterly indexed to USD/PKR exchange rate, based on the revised TT & OD selling rate of USD notified by the National Bank of Pakistan.

The applicable formula shall be as follows:

$$\text{WHT}_{(\text{Rev})} = \text{Relevant Reference Generation Tariff Component} * \left(\frac{\text{FX USD}_{(\text{Rev})}}{\text{FX USD}_{(\text{Ref})}} \right)$$

Where:

$\text{WHT}_{(\text{Rev})}$ = the revised Withholding Tax Component applicable for the relevant quarter

$\text{FX USD}_{(\text{Rev})}$ = the revised TT & OD selling rate of PKR/USD as on the date on which indexation is applicable, as notified by the National Bank of Pakistan.

$\text{FX USD}_{(\text{Ref})}$ = TT & OD selling rate of PKR/USD, prevailing on the date of tariff determination as notified by the National Bank of Pakistan

10.1.8 Interest Charges

For the purpose of this Tariff Petition, it has been assumed that 100% of the debt financing required for the Project has been arranged from local financial institutions (KIBOR based).

The Interest Charges part of the Reference Debt Service Component shall be semi-annually adjusted for variations in interest rate as a result of variation in 6 months KIBOR.

The Interest Charges of the Debt Service Component shall be indexed based on the following formula:

$$I_{(LRev)} = \frac{\text{Relevant Generation Tariff Component} * (KIBOR_{(Rev)} + 3\%)}{(KIBOR_{(Ref)} + 3\%)}$$

Where:

$I_{(LRev)}$ = the revised Interest Charge component applicable for the KIBOR based financing sources relevant semi-annual period

$KIBOR_{(Rev)}$ = the revised 6 month KIBOR rate at the end of each 6 months period.

$KIBOR_{(Ref)}$ = 6 month KIBOR rate prevailing on the date of tariff determination (0.4%)

10.1.9 Fuel Price Component

The Fuel price adjustment would be charged on basis of actual prices for fuel purchased from refinery.

10.2 Adjustments

NEPRA is requested to allow the adjustments to the Reference Generation Tariff for any shortfall in tariff to date to project Company.

Section 11 Determination Sought

The petitioner hereby request NEPRA to award the tariff to the petitioner with the following reliefs/determinations:

- a) The project cost and related arrangements stated in this Petition be allowed to the Petitioner;
- b) The Reference Generation Tariff set forth in Section 09 of the Petition together with the individual tariff components and the Debt Schedule be allowed to the other Petitioner;
- c) Taxes and duties if any levied on operations of project to be treated as pass through.
- d) Zakat deduction on dividends as required under Zakat Ordinance is considered as a pass through;
- e) No provision of income tax has been provided for in the tariff. If the Project Company is obligated to pay any type of tax, the same should be allowed to the Project Company as pass through.
- f) No withholding tax on dividend has been included in the tariff. Authority is requested to allow payment of withholding tax on dividend as pass through at the time of actual payment of dividend.
- g) The indexations for inflation, foreign exchange fluctuation and interest rate be allowed to be applied to the Reference Generation Tariff components throughout the tariff control period, and such indexation be allowed on quarter/semiannual basis;
- h) Without prejudice to the generality of item (e), the tariff award may specifically refer to and allow the pass through of all taxes, duties, levies and other public sector payments not included in the Reference Generation Tariff but which are incurred or required to be incurred by the Petitioner during the tariff control period;
- i) The Return on Equity be allowed on Internal Rate of Return basis (net of withholding tax) throughout the tariff control period;
- j) In case of any unintentional error or omissions, typographic errors, and any genuine assumption being overlooked, the same will be corrected/incorporated and advised to NEPRA as soon as the Project Company becomes aware of it;

Lake City Management (Private) Limited

Date: