

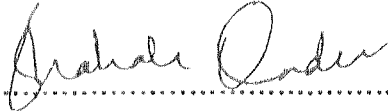
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engro powergen qadirpur

Therefore, in consideration of EPQL's plant having entered mixed fuel operation mode and taking into account new and important matters affecting the Fuel Pricing, it is requested that NEPRA agree to review and revise the Determination to accommodate for the recent events with respect to RFO prices.

Please acknowledge the same.

Best Regards,



Shahab Qader Khan
Chief Executive Officer,
Engro Powergen Qadirpur Limited



engro powergen qadirpur

Annex - A

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

MOTION FOR LEAVE FOR REVIEW

PURSUANT TO RULE 16(6) NEPRA (TARIFF STANDARDS AND PROCEDURE) RULES, 1998
READ WITH THE PROVISIONS OF
THE REGULATION FOR GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT
(XL OF) 1997 & THE RULES AND REGULATIONS MADE THEREUNDER

ON BEHALF OF

ENGRO POWERGEN QADIRPUR LIMITED

IN RELATION TO THE DETERMINATION OF NATIONAL ELECTRIC POWER REGULATORY AUTHORITY IN
THE MATTER TITLED "DECISION OF THE AUTHORITY IN THE MATTER OF ENGRO POWERGEN
QADIRPUR LIMITED TARIFF ADJUSTMENTS ON MIXED FUEL OPERATIONS AT COMMERCIAL
OPERATION DATE -- [CASE No. NEPRA/TRF-72/EPQL-2007]" BEARING REFERENCE No.
NEPRA/TRF-72/EPQL-2007/16166-16168 DATED DECEMBER 10, 2014.

DATED: DECEMBER 12, 2019

ENGRO POWERGEN QADIRPUR LIMITED

ADDRESS: 16TH FLOOR, THE HARBOR FRONT BUILDING, HC-3, MARINE DRIVE, BLOCK A
CLIFTON, KARACHI
PHONE #: 021-35297875-84
FAX #: 021-35293665

Signature

For Official Use Only

Allied Bank

2. *Stellaria media* (L.) Rostk Schmidt

The diagram illustrates a two-dimensional lattice structure. It consists of a grid of points. Arrows indicate interactions between nearest and next-nearest neighbors. The diagram is labeled with 'x' and 'y' axes. A legend at the bottom right identifies the interaction types: a solid line for nearest-neighbor interaction and a dashed line for next-nearest-neighbor interaction.

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Authorised Signatory

Authorised Signatory

ESB No.

ESB No.

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13 DEC 2019

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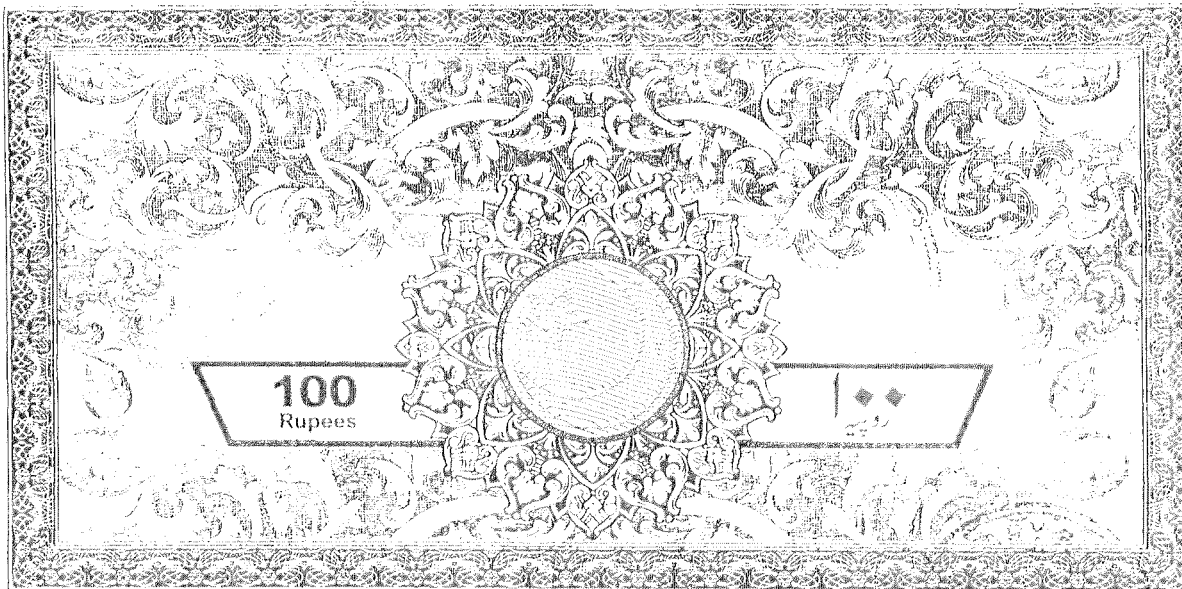
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REGULATORY TYPE 5 NO: AEC 8851230863 POWER REGULATED BY MICROPROCESSOR No: 0010002209840013

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AMOUNT \$720.00
CASHES:

THE
FEDERAL
BUREAU OF
INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C. 20535



S. MOHSIN ZAIDI STAMP VENDOR
Shop No.43-A, Block-3, P.E.C.H.S. Karachi
LIC No. 34

04 DEC 2019

Stamp of the National Electric Power Regulatory Authority (NEPRA) and a handwritten signature "FIA-2".

Stamp of the National Electric Power Regulatory Authority (NEPRA) and a handwritten signature "FIA-2".

BEFORE

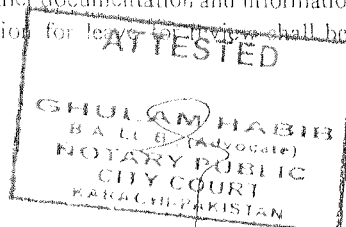
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

AFFIDAVIT

AFFIDAVIT of SHAHAB QADER, CHIEF EXECUTIVE OFFICER and authorized representative of ENGRO POWERGEN QADIRPUR LIMITED.

I, the above-named Deponent, do hereby solemnly affirm and declare that: -

1. I am the Chief Executive Officer of Engro Powergen Qadirpur Limited, a company incorporated under the laws of Pakistan with its registered office located at 16th Floor, Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi, Pakistan.
2. The contents of the accompanying motion for leave for review, by the full strength of the Authority under Rule 16(6) of the Tariff Standards and Procedure Rules, 1998, read with the provisions of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) and the rules and regulations made thereunder, including all supporting documents are true and correct to the best of my knowledge and belief, and nothing material or relevant thereto has been concealed or withheld therefrom.
3. I also affirm that all further documentation and information to be provided by me in connection with the aforesaid motion for leave for review shall be true and correct to the best of my knowledge and belief.



Signature of Shahab Qader.

DEPONENT

VERIFICATION

It is hereby verified on solemn affirmation at Karachi on 12th December 2019, that the contents of the above Affidavit are true and correct to the best of my knowledge and belief, and that nothing material or relevant thereto has been concealed or withheld therefrom.

Signature of Ghulam Habib.

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2. GROUNDS FOR MOTION FOR LEAVE FOR REVIEW	7
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Shahid

1. DETAILS OF THE PETITIONER

NAME AND ADDRESS

NAME: Engro Powergen Qadirpur Limited
ADDRESS: 16th Floor, Harbor Front Building, HIC-3, Marine Drive, Block 4, Clifton,
Karachi.
PHONE #: 021-35297875-84
FAX #: 021-35293665

AUTHORIZED REPRESENTATIVE OF ENGRO POWERGEN QADIRPUR LIMITED

NAME: SHAHAB QADER KHAN
DESIGNATION: CHIEF EXECUTIVE OFFICER
PHONE #: 021-35297875 (EXT. 4102)

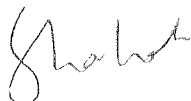
2. GROUNDS FOR MOTION FOR LEAVE FOR REVIEW

- 2.1 Engro Powergen Qadirpur Limited (the “**Company**”), a company incorporated under the laws of Pakistan, having its registered office located at 16th floor, The Harbor Front Building, HIC-3, Marine Drive, Block 4, Clifton, Karachi, has installed a dual fuel (gas and high speed diesel) fired combined cycle electricity power generation plant with the capacity of 217.3MW, constructed at District Ghotki, Province of Sindh, Pakistan (the “**Project**”).
- 2.2 Pursuant to the proposal/petition submitted by the Private Power Infrastructure Board in respect of development of a mixed fuel tariff component, NEPRA, in exercise of its powers under Rule 3 of the Tariff Standards and Procedure Rules initiated proceedings for development of the same. National Electric Power Regulatory Authority (“**NEPRA**”) issued its determination in the matter of “Decision of the Authority in the matter of Engro Powergen Qadirpur Limited Tariff Adjustments on Mixed Fuel Operations at Commercial Operation Date – [Case No. NEPRA/TRF-72/EPQI-2007]”, bearing reference No. NEPRA/TRF-72/EPQI-2007/16166-16168, on December 10, 2014 (the “**Determination**”).
- 2.3 The Company filed a motion for leave for review vide letter No. nil dated December 07, 2015 (“Initial Review Petition”) against the Determination, with a request to review the findings of NEPRA in the said Determination based on the following grounds:

- a) Fuel Pricing;
- b) Calculation Methodology

Upon consideration of the submissions and arguments of the Company, NEPRA dismissed the above-mentioned Initial Review Petition on the following grounds:

- a) that the Company had not been able to produce any “*new and important matter of evidence to substantiate its claims regarding Fuel Pricing and Calculation Methodology*”, as per the requirements set out under Regulation 3(2) of the NEPRA (Review Procedure) Regulations 2009 (“2009 Regulations”).



- (10 - 4)
- b) That the depletion phase of permeate gas had not been initiated at the time of filing the Initial Review Petition, therefore, the ~~claims made~~ by the Company were not valid prior to ~~the same~~, which will be the time when the Determination will be effective.
- 2.4 Pursuant to Rule 16(6) of the Tariff Standards and Procedure Rules, 1998 (the “Tariff Rules”) read with the provisions of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) (the “NEPRA Act”) and the rules and regulations made thereunder, and further to and in accordance with NEPRA’s decision in the Initial Review Petition, the Company is filing this Motion for Leave for Review (“Motion for Leave for Review”), before NEPRA, to object to certain key points ~~stated in the~~ Determination. We ask for the NEPRA’s reconsideration in respect of the same (discussed below).
- 2.5 This Motion for Leave for Review is being filed by the Company on the grounds of (a) new and important matters of evidence which substantiate the Company’s objections to the Determination based on Fuel Pricing, and (b) pursuant to the initiation of the depletion phase of Permeate Gas and the Company’s power plant ~~having entered~~ mixed fuel operation mode.
- 2.6 We request that the Company be allowed, during the proceedings, if any, ~~to take~~ additional grounds, submit additional evidence and make further submissions in relation to this Motion for Leave for Review.
- 2.7 Further, we would be pleased to provide any further information, clarification or explanation that may be required by NEPRA during the evaluation process.

3. FUEL PRICING

Ref: Paragraph 2 (I) and Paragraph 2 (III) (b) of the Determination.

NEPRA, via its Determination, has linked the FCC Cap for mixed fuel operation of EPQL with the fuel cost component of Attock Gen Limited (“AGL”). In 2016, there was a steep decline in the international crude oil prices that resulted in AGL fuel cost component dropping below PKR 6 / Kwh. At the same time the gas price for IPPs were increased and EPQL fuel cost component on Permeate gas increased to PKR 5.8189 / KWH.

EPQL subsequently approached NEPRA with a request to modify the FCC Cap in the mixed mode tariff determination because the FCC Cap had become impractical for implementation owing to the narrowed delta between EPQL fuel cost component on permeate gas and AGL fuel cost component. NEPRA dismissed / returned this petition on the grounds that the depletion phase of permeate gas had not yet started, and mixed mode tariff had not become applicable.

On 6th September 2018, EPQL received a Gas Insufficiency Notice from SNGPL and forwarded the same to PPIB, on 7th September 2018, with a copy to NEPRA and CPPA-G. This Notice formally initiated the Gas Insufficiency Phase and EPQL plant entered mixed mode operation as per PPA as the depletion of gas being supplied by SNGPL to the EPQL plant had started. In February 2019, a revised gas production profile was shared with EPQL by SNGPL; based on this revised profile and the prevailing Furnace Oil and HSD prices, EPQL issued a projected Gas Depletion Notice to PPIB, with a copy to NEPRA and CPPA-G, on 7th March 2019.

Shahid

EPQL has subsequently prepared and submitted an initial draft Gas Depletion Mitigation Plan to PPIB in April 2019. This plan was further updated after detailed inputs from stakeholders including SNGPL, OGDCL, DG Gas (Petroleum Division), PPIB, CPPA-G and has been resubmitted to PPIB, with a copy to NEPRA and CPPA-G, on 18th October 2019.

In the Gas Depletion Mitigation Plan, EPQL has listed the gas depletion mitigation options and these have been discussed with stakeholders; and RLNG has been identified as a viable Gas Depletion Mitigation option for EPQL. It is expected that the process of finalization of Gas Depletion Mitigation Option and the subsequent consents and approvals (PPIB and CPPA-G Board approvals, NEPRA tariff approval etc.) will take some time (approximately six-eight months).

EPQL plant has continued to operate on mixed mode (dual availability on permeate gas and HSD) since September 2018 but has received dispatch only on permeate gas. As per the latest update shared with PPIB, CPPA-G and NEPRA, on 7th September 2019, the projected date for the mixed mode (Gas + HSD) fuel cost component crossing the AGL RFO fuel cost component, is July 2020).

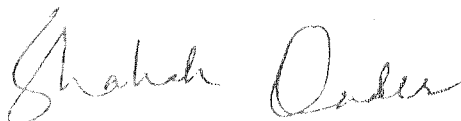
However, it may be noted that the price of RFO is highly volatile and dependent on international Furnace Oil prices. Furthermore, with (i) the impending International Maritime Organization ("IMO") 2020 regulations (Annexure A), whereby the use of Heavy Sulphur Fuel Oil (HSFO) as marine bunker fuel will be further restricted; and (ii) with expected increase in gas prices by OGRA in recent request by SNGPL, AGL tariff is expected to reduce with a likelihood of EPQL mixed mode tariff breaching the FCC cap in early 2020 or late 2019.

Since AGL tariff is linked with international HSFO prices, in a highly volatile and uncertain environment there is also a possibility that AGL tariff might go below the price of Permeate Gas.

Based on the foregoing, it is humbly requested that NEPRA reviews its Determination on using AGL fuel cost component on furnace oil as the cap on the mix mode fuel cost component of the Company and removes the cap in a manner that will take the above detailed factors in to consideration and allow continued operations of the EPQL plant until the successful implementation of gas depletion mitigation option.

FOR AND BEHALF OF

ENGRO POWERGEN QADIRPUR LIMITED



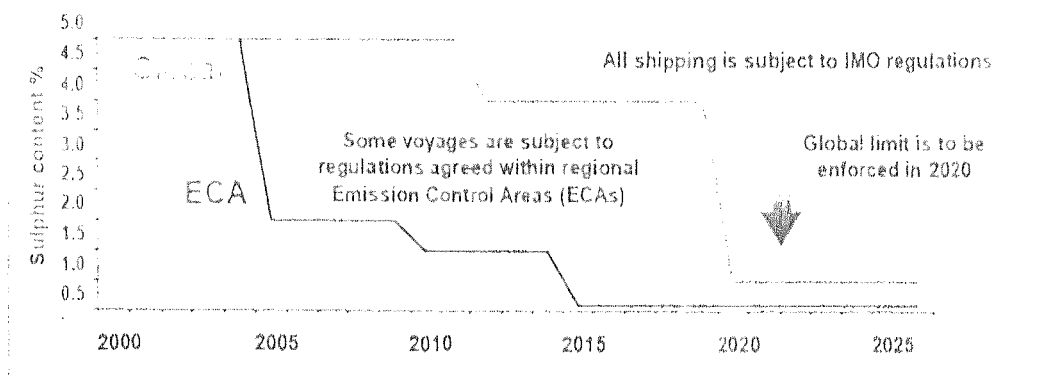
Shahab Qader

Chief Executive Officer

Engro Powergen Qadirpur Limited

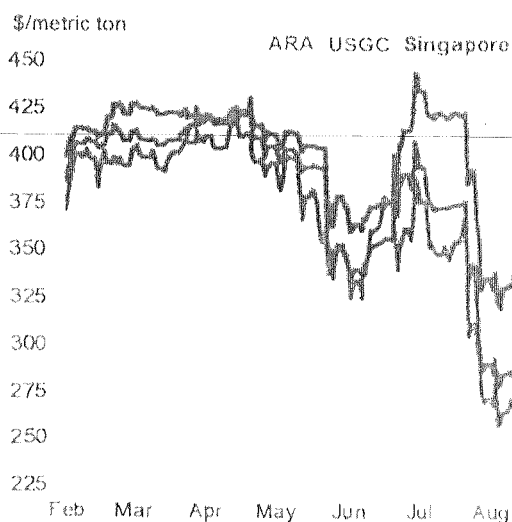
ANNEXURE A

The International Maritime Organisation (a branch of the UN) has stated that as of 1 January 2020 all ships must reduce their sulphur emissions from 3.5% thresholds to 0.5%. The regulation has already been passed and the aim of this regulation is to reduce the emission of sulphur dioxide (which results in acid rain and environmental damage).



Fuel Oil (HSFO or RFO) is consumed globally mainly in the Power Generation, Commercial, Industrial and Marine Bunker Fuel sectors. In 2018, Marine Bunker Fuel constituted approximately 3.3 MMbd (Million Barrels per day) out of the total Fuel Oil demand of 7.2 MMbd¹. Bloomberg New Energy Finance (BNEF) projects that the Marine Bunker Fuel Oil demand will drop to approximately 1.4 MMbd, resulting in a surplus supply of 1.5 MMbd HSFO around the globe².

Excess supply will result in falling HSFO prices; this surplus HSFO is expected to be utilized by the power sector. BNEF estimates that HSFO will be consumed in most emerging markets at a price point of approximately \$30/bbl which translates to approximately \$220 / Metric Ton of HSFO. The current HSFO price has already dropped below \$ 300 / Metric Ton³.



- 1- Bloomberg New Energy Finance - Fuel Oil Outlook 2019
- 2- Bloomberg New Energy Finance - Fuel Oil Outlook 2019
- 3- Attock Gen Fuel Price Adjustment for October 2019

Signature



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

NEPRA Tower, Ataturk Avenue(East), G-5/1, Islamabad
Ph: +92-51-9208500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-72/EPQL-2007/16166-16168
December 10, 2014

**Subject: Decision of the Authority in the matter of Engro Powergen Qadirpur
Limited Tariff Adjustments on Mixed Fuel Operations at Commercial
Operation Date - [Case No. NEPRA/TRF-72/EPQL-2007]**


Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with Annex-I (05 pages) in Case No. NEPRA/TRF-72/EPQL-2007.

2. The Decision is being intimated to the Federal Government for the purpose of 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) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. Please note that Order of the Authority Decision along with Annexure-I needs to be notified in the official gazette.

Enclosure: As above


(Syed Safeer 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 IN THE MATTER OF
ENGRO POWERGEN QADIRPUR LIMITED TARIFF ADJUSTMENTS
ON MIXED FUEL OPERATIONS AT COMMERCIAL OPERATIONS DATE

1.1 The Authority has already determined tariff and given its decisions in the matter of Engro Powergen Qadirpur Limited - formerly Engro Energy Limited (hereinafter "EPQL") tariff adjustments at commercial operations date (hereinafter "COD") stage for operations on its primary fuel i.e. permeate gas and secondary fuel i.e. on high speed diesel (hereinafter "HSD"). The Authority earlier did not allow adjustments in tariff at COD on mixed fuel operations (permeate gas plus HSD) as the necessary information was not provided by EPQL. EPQL vide letter dated February 19, 2014 has provided gas supply agreement dated April 22, 2008 along with gas supply agreement amendment no. 1 dated October 08, 2008 and other necessary information.

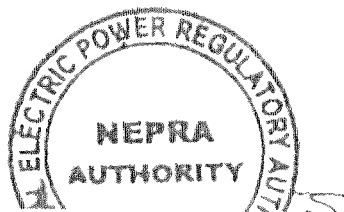
1.2 The Authority noted that original tariff determination of EPQL dated July 19, 2007 (hereinafter "original determination") at paragraph 78 (III) (iv) specified that:

"During gas reservoir depletion phase that shall be established through the documentary evidence to be provided by the power producer, the shortfall in available gas will be met by comingling HSD fuel. In this case the maximum fuel cost component per kWh will not exceed the prevalent average fuel cost component per kWh of RFO (HSFO) based power plants. The composite applicable fuel cost component (permeate gas - HSD) per kWh will be on actual mix of fuel calculated in accordance with mechanism given in reference tariff table III. This arrangement will be applicable till such time the composite fuel rate per Kwh does not exceed the prevalent average fuel cost component of RFO (HSFO) based power plants."

1.3 The Authority also noted that Annexure-III of the original determination specified that:

"Reference calorific value of permeate gas (LHV) 520 Btu/Cft is subject to change at COD in accordance with terms of the GSA

The above reference tariff table is applicable as per actual usage of gas and HSD. The maximum applicable composite rate in the gas reservoir depletion phase will not exceed the prevalent average fuel cost component of RFO (HSFO) based power plants."





- 1.4 The Authority has noted that reference calorific value of permeate gas in the original determination was 520 Btu/Cft (LHV). This reference calorific value by applying factor of 1.109262, specified in the original determination, works out to about 576 Btu/Cft (HHV). The Authority has further observed that amendment no 1 to gas supply agreement of EPQL dated October 08, 2008 has changed the gross calorific value range specified in the original gas supply agreement to 675 - 725 BTU/SCF. This new range on LHV basis works out to about 609 - 654 BTU/SCF. Keeping in view the aforesaid facts, the Authority has decided that 654 BTU/SCF (LHV) will be taken as reference calorific value of permeate gas for tariff computations. The Authority has also decided to allow adjustment of fuel cost component on mixed fuel operations on the basis of actual calorific value of permeate gas, on an application of EPQL, which is duly supported by authentic data of actual calorific value of permeate gas consumed.
- 1.5 The Authority observed that the original determination required that in the gas reservoir depletion phase, the maximum applicable fuel cost component on mixed fuel operations shall not exceed the prevalent average fuel cost component of RFO based power plants. The Authority noted that it is desirable that specific benchmark be established through this decision for operations of EPQL on mixed fuels. Keeping in view the fuel cost components for operations on RFO allowed to various power producers, the Authority has decided that adjustment of fuel cost component of EPQL on mixed fuel operations shall be restricted to the maximum of latest notified fuel cost component on RFO operations of a specific power plant namely Attock Gen Limited.
- 1.6 The Authority has decided for better presentation and ease of implementation, that mechanism specified in the original determination for computation of fuel cost component on mixed fuel operations, be presented in this decision in the form of formula. The Authority has noted that EPQL has been allowed following dependable capacities:

		Dependable capacity allowed by the Authority
1.	For operations on primary fuel i.e. permeate gas	217.298 MW
2.	For operations on HSD	212.861 MW

The Authority has decided to use dependable capacity on permeate gas for computation of energy required for operations of EPQL on full capacity. The





Authority has noted that 39,090.73 MMBTU are required per day for full generation on aforesaid dependable capacity (217,298 dependable capacity x 24 hours x 7,495.61 heat rate allowed in the original determination/ 1,000,000). Keeping in view the mechanism given in the original determination and for the purpose of clarity, the Authority has approved formula mentioned in Annex-I for the adjustment of fuel cost component of tariff.

- 1.7 The Authority has also noted that in addition to fuel cost component, other tariff components viz. capacity charge tariff components and variable O & M tariff components, for operations on mixed fuel also need to be determined. The Authority has considered it just and fair to allow the adjustment of other tariff components during the mixed fuel operations, on pro-rata basis, keeping in view the latest determined tariff for the operations on primary fuel i.e. permeate gas and secondary fuel i.e. HSD and actual mix of abovementioned fuels.

2. ORDER

Pursuant to Section 31(4) of the Regulation of Generation Transmission and Distribution of Electric Power Act (XL of 1997) read with Rule 16(11) of the NEPRA Tariff Standards & Procedures Rules, 1998 Engro Powergen Qadirpur Limited (formerly Engro Energy Limited) [EPQL] is allowed to charge, the tariff on mixed fuel operations from the date of COD for delivery of electricity to the CPPA of the NTDC on the following basis:

I) Fuel cost component of tariff

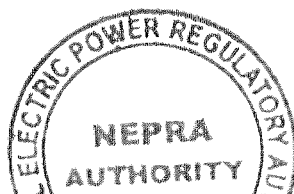
The fuel price shall be adjusted on the basis of actual mix of both fuels, namely, HSD and permeate gas on the basis of actual fuel prices using the formula mentioned in Annex-I, subject to the maximum of latest notified fuel cost component on RFO operations of Attock Gen Limited.

II). Other tariff components:

All other tariff components shall be adjusted on pro-rata basis; keeping in view the latest determined tariff for the operations on primary fuel i.e. permeate gas and secondary fuel i.e. HSD and actual mix of abovementioned fuels.

III) Terms and Conditions of Tariff:

- a. Use of permeate gas will be considered as primary fuel.

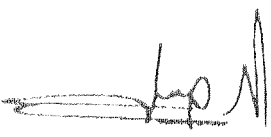





- b. The fuel cost component of tariff of EPQL, on mixed fuel operations, shall in any case not exceed the latest notified fuel cost component on RFO operations of Attock Gen Limited.
- c. The reference calorific value of permeate gas, of 654 BTU / SCF (LHV) shall be adjusted on the basis of actual calorific value, based on the authentic data to be submitted by EPQL.
- d. Dispatch criterion will be based on the energy charge.
- e. General terms and conditions, which are not covered in this determination, may be dealt with according to earlier tariff determinations namely, determination of the Authority in the matter of tariff Petition filed by EPQL dated July 19, 2007 and decision of the Authority in the matter of EPQL tariff adjustments at commercial operations date dated November 03, 2010.

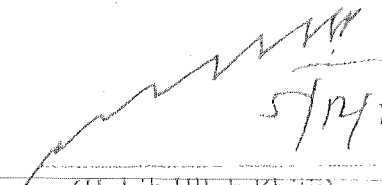
IV) The above order of the Authority along with Annex-I, shall be notified in the official gazette in accordance with Section 31(4) of the Act.

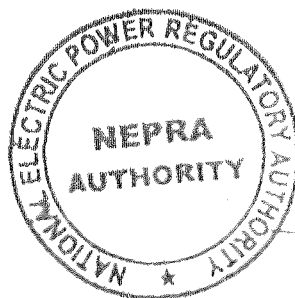
AUTHORITY



(Khawaja Muhammad Naeem)
Member


(Hidayat Ullah Khan)
Member

(On Tour)
(Haroon Rashid)
Member


(Habib Ullah Khilji)
Vice Chairman /Member




10.12.14

Engro Powergen Qadirpur Limited

Formula for adjustment of fuel cost component of Tariff in Mixed Mode Operations

$$\text{Fuel cost component on mixed fuel operations} = \frac{A + B}{217,298 \text{ (dependable capacity per hour)}}$$

Where:

$$A \quad \text{Total cost of gas} = \frac{BBB \times BBC \times \text{unit price of gas Rs./MMBTU}}{24}$$

Note : Total cost of gas as per A above, which in any case should not be higher than the actual cost of gas consumed

$$B \quad \text{Total cost of HSD} = B1 \times \text{unit price of HSD Rs./liter}$$

B1 Lower of actual HSD consumed in liters and BA

$$BA \quad \text{Quantity of HSD required in liters} = \frac{BB \times 10^6}{BC}$$

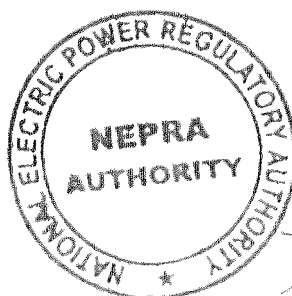
$$BB \quad \text{Additional heat required in MMBTU to meet shortfall of gas} = \frac{(BBA - BBB) \times BBC}{24}$$

$$BBA \quad \text{Quantity of gas required in mmscfd for full operations} = 39,090.7314 / BBC$$

BBB Quantity of gas available in mmscfd

BBC Calorific value of permeate gas (LHV) BTU/cft.

BC Calorific value of HSD i.e. 34,470 BTU/litre





Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600028
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-72/EPQL-2007/13332-13334
September 29, 2016

Subject: Decision in the Matter of Motion for Leave for Review filed by M/s. Engro Powergen Qadirpur Ltd. (EPQL) against the Authority's Decision dated 10th December 2014 (Case No. NEPRA/TRF-72/EPQL-2007)

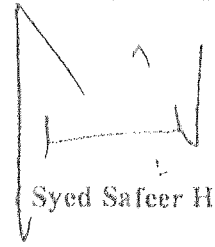
Dear Sir,

Please find enclosed herewith the subject decision of the Authority (03 pages) in the matter of Motion for Leave for Review filed by M/s. Engro Powergen Qadirpur Ltd. (EPQL) against the Authority's Decision dated 10th December 2014.

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

Enclosure: As above

Secretary,
Ministry of Water & Power,
Government of Pakistan
Islamabad.


(Syed Safer Hussain)

CC:

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



Decision in the matter of Motion for Leave for Review filed by M/s Engro Powergen Qadirpur Limited (EPQL) against the Authority's Decision dated 10th December 2014.

1. BACKGROUND:

1.1. M/s Engro Powergen Qadirpur Limited (EPQL) filed a motion for leave for review (hereinafter referred to as the "Review Motion") vide letter No. nil dated December 07, 2015 against the Authority's decision in the matter of tariff adjustment on mixed fuel operations at Commercial Operations Date (COD) dated December 10, 2014 (impugned decision). It was noted by the Authority that the Review motion was time barred. However, the Authority, in the interest of justice, condoned the delay in filing the Review Motion and admitted the same on December 30, 2015.

1.2. M/s EQPL filed the instant Review Motion with a request to review the findings of the Authority in the impugned decision regarding the following matters:-

- a) Fuel Pricing;
- b) Calculation Methodology.

2. PROCEEDINGS:

2.1. In order to consider the Review Motion, it was decided by the Authority that an opportunity of hearing may be provided to the parties to the proceedings. A hearing for the purpose was fixed on March 22, 2016 for which notices were issued to the Petitioner, National Transmission & Dispatch Company Ltd., (NTDCL) and Central Power Purchasing Agency (Guaranteed) Limited (CPPA-G). On the date fixed for hearing, commentators were also present, however, no written comments were filed.

3. FRAMING OF ISSUES:

3.1. Based on the grounds raised in the Review Motion, following issues were framed for the hearing:

- i. Whether the petitioner's request for reviewing mechanism provided for the adjustment of FCC on mixed fuel operations in the Authority's decision is justified?
- ii. Whether the current status of permeate gas depletion justifies to review the FCC mechanism?



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- iii. What is the latest reserve profile of the production source for this gas being used? How does the proposed change in methodology complements future gas depletion trends?
- iv. Whether the AGL FCC to be used as cap for mixed fuel operations of EPQL will be justified in future?
- v. Whether any further exploratory efforts are underway to enhance gas production from the source?
- vi. Whether the petitioner's claim regarding computing FCC on energy basis instead of working with volumetric consumption and gas CV is justified?
- vii. What is the effect of prices of furnace oil and gas on the adjustment mechanism? Whether a mechanism can be developed which is independent of price movements?
- viii. What methodology can be adopted in order to avoid flaring of permeate gas in the light of provisions of PPA which caps FCC.

3.2. On the dated of hearing, the representatives of M/s EPQL presented their case and also submitted their reply to the above issues.

4. GROUND FOR REVIEW MOTION:

- 4.1. The Authority considered the submissions and arguments of the Petitioner advanced during the hearing along with evidence submitted vide its letter No. EPQL/HO/C/NEPRA/53 dated April 26, 2016 and letter No. EPQL/HO/C/NEPRA/66 dated September 2, 2016. It is pertinent to mention here that according to NEPRA (Review Procedure) Regulations, 2009 any party aggrieved from any order of the Authority and who from the discovery of new and important matter of evidence or on account of some mistake or error apparent on the face of the record or from any other sufficient reasons may file a review motion. However, in the instant case, it was found that the Petitioner has not been able to produce any new and important matter of evidence to substantiate its claims regarding Fuel Pricing and Calculation Methodology. It is pertinent to mention here that COD on mixed fuel operations is yet to be achieved when the depletion phase of Permeate Gas will be started, therefore, the claim of the Petitioner is not valid prior to achieving the COD on mixed fuel operations. The decision of the Authority dated December 10, 2014 will be effective at the time of COD on mixed fuel operation and any issue arising in this matter will be considered as and when the Petitioner achieves COD on



mixed fuel operations, therefore, the request of M/s EPQL for reviewing the impugned decision regarding Fuel Pricing and Calculation Methodology has no merit for consideration at this point in time and hence, not justified.

5. DECISION:

In light of the above discussion, the instant Review Motion is hereby dismissed and the impugned decision dated December 10, 2014 is maintained.

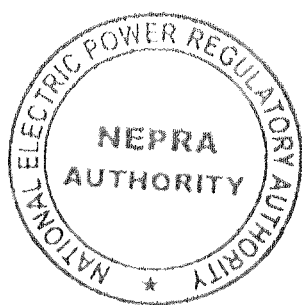
AUTHORITY

Syed Masood-ul-Hassan Naqvi
Member

Maj (R) Haroon Rashid
Member

Himayat Ullah Khan
26.9.16
Member

Brig (R) Tariq Saddozai
Chairman



29-9-16

National Electric Power Regulatory Authority
(NEPRA)
Islamabad – Pakistan

GENERATION LICENCE

No. IGSPL/13/2007

In exercise of the Powers conferred upon the National Electric Power Regulatory Authority (NEPRA) under Section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Authority hereby grants a Generation Licence to:

ENGRO ENERGY (PRIVATE) LIMITED

Incorporated under the Companies Ordinance, 1984
Under Certificate of Incorporation

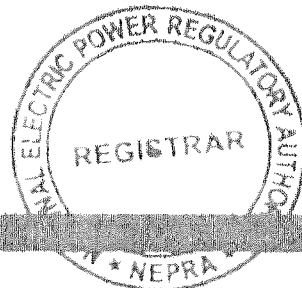
No. 00000012175/20060207, dated February 28, 2006

For its Plant at Qadirpur, District Ghotki, Sindh
(Installed Capacity: 226.52 MW Gross ISO)

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

Given under my hand this 26th day of July Two Thousand & Seven,
and expires on 30th day of October, Two Thousand &
Thirty Four.

Registrar



not. 10/1/07



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

2nd Floor, OPF Building, G-5/2, Islamabad.
Ph: 9206500, 9207200 Fax : 9210215
E-mail: office@nepra.org.pk

No.NEPRA/R/TRF-72/EEPL-2007/3062-64
July 19, 2007

Subject: Determination of the Authority in the Matter of Tariff Petition filed by
Engro Energy (Pvt.) Ltd. (Case No. NEPRA/TRF-72/EEPL-2007)
Intimation of Determination of Tariff pursuant to Section 31(4) of the
Regulation of Generation, Transmission and Distribution of Electric Power Act
(XL of 1997)


Dear Sir,

Please find enclosed the subject Determination of the Authority along with
Annexure-I, II, III, IV & V (102 pages) in Case No. NEPRA/TRF-72/EEPL-2007.

2. The Determination is being intimated to the Federal Government for the purpose of
notification of the approved tariff in the official gazette pursuant to Section 31(4) of the
Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)
and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and
Procedure) Rules, 1998.

3. Please note that only Order of the Authority at para 78 of the Determination relating to
the Reference Tariff and allowed adjustments & indexation along with Annexure-I, II & III
needs to be notified in the official gazette. The Order is reproduced for the purpose of clarity
and is attached herewith.

DA/as above.


19.07.07.
(Mahjoob Ahmad Mirza)

The Secretary
Cabinet Division
Government of Pakistan
Cabinet Secretariat
Islamabad

CC:

1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.

