



**Private Power &  
Infrastructure Board**

# ANNUAL REPORT

**2022-23**

**Ministry of Energy (Power Division)  
Government of Pakistan**

 [www.ppib.gov.pk](http://www.ppib.gov.pk)



## **MISSION STATEMENT**

“To provide one-window facility to investors; promote, encourage and facilitate investments in the power sector under the applicable power policies and to safeguard the investments already made therein”



# Table of **Contents**

1.	FOREWORD BY MANAGING DIRECTOR	01
2.	THE BOARD OF PPIB	03
3.	HIGHLIGHTS OF THE YEAR UNDER REPORT	04
4.	PRIVATE POWER AND INFRASTRUCTURE BOARD	21
	A) PRIVATE POWER AND INFRASTRUCTURE BOARD'S PROFILE	21
	B) FUNCTIONAL ORGANOGRAM	25
	C) BOARD OF DIRECTORS	27
	D) COMMITTEES OF THE BOARD	28
	E) MANAGEMENT TEAM	29
	F) PPIB OFFICE	30
	G) MAIN BANKERS	30
	H) AUDITORS	30
5.	MEETINGS OF PPIB BOARD	31
6.	ROLE OF PPIB IN POWER SECTOR	34
7.	IMPLEMENTATION OF HYDRO POWER IPPS	38
8.	IMPLEMENTATION OF COAL BASED IPPS	62
9.	IMPLEMENTATION OF THERMAL IPPS	85
10.	DEVELOPMENT OF TRANSMISSION LINE PROJECTS	105
11.	CPEC ENERGY CHAPTER	111
12.	CHALLENGES AND FUTURE PLANS	117
13.	CORPORATE BRILLIANCE	124
14.	PICTORIAL VIEW OF IMPORTANT EVENTS	134
15.	AUDITED FINANCIAL STATEMENTS AND AUDITORS' REPORT	143
16.	APPENDICES	144



# Acronyms

<b>ADB</b>	Asian Development Bank
<b>AEDB</b>	Alternative Energy Development Board
<b>BOOT</b>	Build-Own-Operate-Transfer
<b>CCoE</b>	Cabinet Committee on Energy
<b>CCPP</b>	Combined Cycle Power Project
<b>COD</b>	Commercial Operation Date
<b>COP27</b>	27th Conference of Parties to United Nations Framework Convention on Climate Change
<b>CPEC</b>	China-Pakistan Economic Corridor
<b>CPPA-G</b>	Central Power Purchasing Agency (Guarantee) Ltd.
<b>CS</b>	Converter Station
<b>CTBCM</b>	Competitive Trading Bilateral Contract Market
<b>DISCOs</b>	Distribution Companies
<b>ECC</b>	Economic Coordination Committee
<b>EOI</b>	Expression of Interest
<b>EPA</b>	Energy Purchase Agreement
<b>EPC</b>	Engineering Procurement & Construction
<b>EPEP</b>	Energy Planning Expert Panel
<b>FBR</b>	Federal Board of Revenue
<b>FC</b>	Financial Close
<b>FS</b>	Feasibility Study
<b>FSA</b>	Fuel Supply Agreement
<b>FX</b>	Foreign Exchange
<b>GENCOs</b>	Generation Companies
<b>GoAJ&amp;K</b>	Government of Azad Jammu & Kashmir
<b>GoB</b>	Government of Balochistan
<b>GoKP</b>	Government of Khyber Pakhtunkhwa
<b>GoP</b>	Government of Pakistan
<b>GoPb</b>	Government of Punjab
<b>GoS</b>	Government of Sindh
<b>GS</b>	Grid Station
<b>GSA</b>	Gas Supply Agreement
<b>GWh</b>	Giga Watt Hour
<b>HPP</b>	Hydropower Project
<b>HSFO</b>	High Sulphur Furnace Oil
<b>IA</b>	Implementation Agreement
<b>IAA</b>	Independent Auction Administrator



<b>ICB</b>	International Competitive Bidding
<b>IGCEP</b>	Indicative Generation Capacity Expansion Plan
<b>IPP</b>	Independent Power Producer
<b>JCC</b>	Joint Coordination Committee
<b>JEWG</b>	Joint Energy Working Group
<b>KE</b>	K-Electric Limited
<b>LA</b>	Lease Agreement
<b>LAA</b>	Land Acquisition Act
<b>LOI</b>	Letter of Interest / Letter of Intent
<b>LOS</b>	Letter of Support
<b>MLR</b>	Motion for Leave for Review
<b>MoE</b>	Ministry of Energy
<b>MoF</b>	Ministry of Finance
<b>MoFA</b>	Ministry of Foreign Affairs
<b>MoP&amp;NR</b>	Ministry of Petroleum & Natural Resources
<b>MoPD&amp;SI</b>	Ministry of Planning, Development & Special Initiatives
<b>MOU</b>	Memorandum of Understanding
<b>MW</b>	Megawatt
<b>NEP</b>	National Electricity Policy
<b>NEPRA</b>	National Electric Power Regulatory Authority
<b>NPCC</b>	National Power Control Center
<b>NTDC</b>	National Transmission and Despatch Company
<b>O&amp;M</b>	Operation & Maintenance
<b>OGDCL</b>	Oil and Gas Development Company Limited
<b>PEDO</b>	Pakhtunkhwa Energy Development Organization
<b>PEPCO</b>	Pakistan Electric Power Company
<b>PESCO</b>	Peshawar Electric Supply Company
<b>PG</b>	Performance Guarantee
<b>PIBT</b>	Pakistan International Bulk Terminal Limited
<b>PMDU</b>	Prime Minister Delivery Unit
<b>PPA</b>	Power Purchase Agreement
<b>PPDB</b>	Punjab Power Development Board
<b>PPIB</b>	Private Power and Infrastructure Board
<b>PPP</b>	Public Private Partnership
<b>RLNG</b>	Re-gasified Liquefied Natural Gas
<b>ROE</b>	Return on Equity
<b>ROW</b>	Right of Way
<b>SA</b>	Shareholders Agreement
<b>SDG7</b>	Sustainable Development Goal 7; "affordable, reliable, sustainable and modern energy for all"



<b>SDPI</b>	Sustainable Development Policy Institute
<b>SHPP</b>	Small Hydro Power Plant
<b>SIA</b>	Supplemental Implementation Agreement
<b>SNGPL</b>	Sui Northern Gas Pipelines Limited
<b>SOLR</b>	Supplier of Last Resort
<b>SPV</b>	Special Purpose Vehicle
<b>SS</b>	Substation
<b>STP</b>	Sewage Treatment Plant
<b>TA</b>	Tripartite Agreement
<b>TCEB</b>	Thar Coal Energy Board
<b>TLOS</b>	Tripartite Letter of Support
<b>TOR</b>	Terms of Reference
<b>WAPDA</b>	Water and Power Development Authority
<b>WB</b>	World Bank
<b>WB</b>	Water Body
<b>WUA</b>	Water Use Agreement
<b>WUL</b>	Water Use License



# Foreword By Managing Director

It is my privilege to present the Private Power and Infrastructure Board's (PPIB) Annual Report for 2022-23—a landmark year marked by significant progress in securing Pakistan's energy future through sustainability, resilience, and innovation.

PPIB's achievements in 2022-23 include commissioning three Thar coal projects (1,980 MW) and an RLNG project (1,263 MW), adding 3,243 MW to the national grid and raising Thar coal's total installed capacity to 3,300 MW. Additionally, the Government of Pakistan (GoP) has initiated plans to convert imported coal IPPs to Thar coal, starting with feasibility studies to blend 10% Thar coal in specific projects, further reducing costs and strengthening energy security.



At the end of this year, PPIB and the Alternative Energy Development Board (AEDB) merged, combining resources, expertise, and capacity to drive impactful energy initiatives with optimized resource utilization and minimal budgetary expenditure. This synergy will strengthen our ability to meet Pakistan's energy demands and advance renewable energy (RE) contributions aligned with national and international carbon reduction commitments.

Aligned with the Indicative Generation Capacity Expansion Plan (IGCEP), PPIB is shifting its focus towards indigenization and development of clean and green energy power projects like hydropower, wind, solar, and bagasse. These projects reflect PPIB's commitment to a cleaner, locally resourced energy supply, with minimal reliance on imported fuels and zero RFO representation currently.



Going forward, PPIB will play an increasingly meaningful role in shaping Pakistan's energy landscape, driving innovation, and facilitating the transition to a more sustainable energy future. This report outlines our 2023 accomplishments and highlights our commitment to policy innovation, fostering private investment, and delivering on our vision for a greener, self-reliant energy sector.

I extend my gratitude for dedicated team work and invaluable support of my colleagues. Together, we are building a sustainable energy landscape today that will power Pakistan into a secure, resilient future.

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**Shah Jahan Mirza**  
Managing Director





# The Board of PPIB



Mr. Rashid Mahmood Langrial  
(Chairman PPIB)



Mr. Shah Jahan Mirza  
MD PPIB / Member



Mr. Hamed Yaqoob Sheikh  
Secretary Ministry of Finance



Captain (Retd) Mohammed Mahmood  
Secretary Petroleum Division



Syed Zafar Ali Shah  
Secretary Planning Commission



Mr. Asim Ahmad  
Chairman FBR



Lt. Gen. (r) Sajjad Ghani  
Chairman Wapda



Mr. Zahid Akhter Zaman  
Chief Secretary GoPunjab



Mr. Muhammad Sohail  
Rajput, Secretary GoSindh



Mr. Bashir Khan Bazai  
Secretary Energy Balochistan



Dr. Shahzad Khan Bangash  
Chief Secretary GoKPK

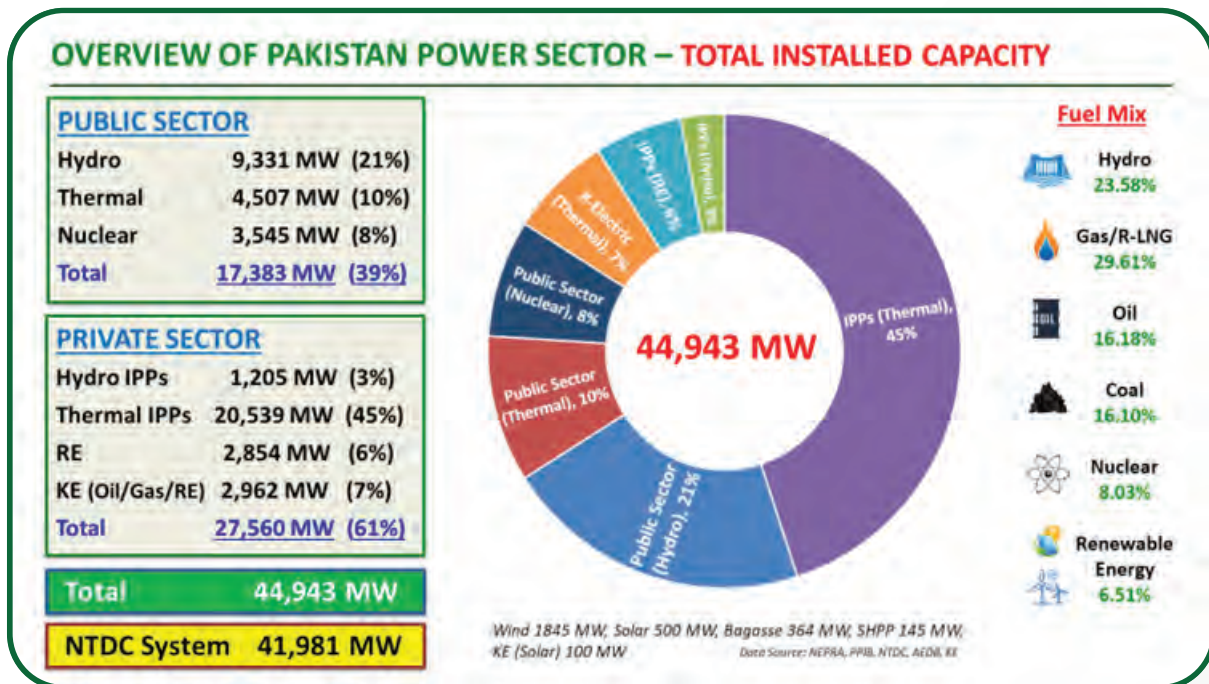


Mr. Muhammad Usman Chachar,  
Chief Secretary GoAJK



# Highlights of the Year under Report

The energy crisis triggered by global developments, including the Russian-Ukraine war, has accelerated Pakistan's transition to renewable energy sources. Imported coal and gas prices doubled in Pakistan since March 2022, leading to increased electricity costs and load shedding, exacerbating economic and social challenges. In recent years, Pakistan has grappled with substantial power generation challenges due to a surge in electricity demand driven by economic growth, industrial usage, and population expansion. Consequently, Pakistan's electricity installed capacity has risen significantly, growing from 33,000 MW in 2017 to 44,943 MW in 2023. The contribution of PPIB in power generation has been 22,808 MW, which accounts for more than half of the total installed capacity of the country's electricity generation. At present, the fuel mix of installed capacity comprises of hydropower 23.58%, Gas/R-LNG 29.61%, Oil 16.18%, Coal 16.10%, Nuclear 8.03% and Renewable 6.51%.





PPIB has played a crucial role in attracting private sector investments and diversifying Pakistan's power generation and transmission infrastructure while adhering to environmental standards. Despite challenges like COVID-19, Sinosure, and land acquisition PPIB has actively promoted the use of indigenous Thar coal and hydel resources to generate cost-effective electricity and is overseeing several power generation projects, including hydroelectric, Thar coal-based, RLNG-based, and imported coal-based projects, all meeting international environmental standards in recognition of the impact of climate change. PPIB has successfully managed to commission 3 Thar coal (1980 MW) and 1 RLNG project (1263 MW), adding 3,243 MW to the power generation capacity in current year. The total installed capacity of Thar coal-based power production plants has reached 3,300 MW. GoP plans to convert commissioned imported coal Independent Power Projects (IPPs) to Thar coal, beginning with a feasibility study to blend 10% Thar coal with imported coal in specific projects.

#### PPIB's PORTFOLIO – OPERATIONAL GENERATION & TRANSMISSION PROJECTS

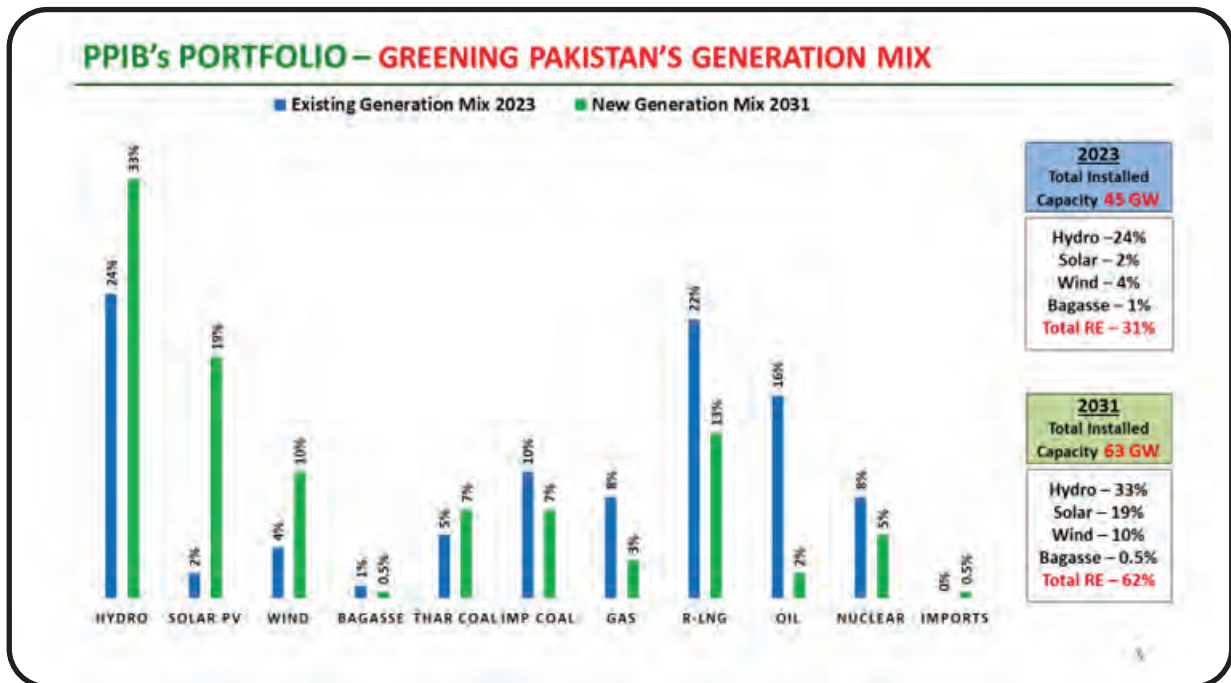
	Number of Projects	Capacity (MW)	Investment (MIn US\$)
▪ Project prior to 1994 Power Policy	1	1,292	1,608
▪ Projects under 1994 Power Policy	15	3,101	3,490
▪ Project Privatized from Public Sector	1	1,638	1,583
▪ Project under 1995 Hydel Policy	1	84	215
▪ Projects under 2002 Power Policy	16	3,903	5,647
▪ Projects under 2015 Power Policy	12	12,156	13,849
<b>IPPs (Hydropower and Conventional Fuels)</b>	<b>46</b>	<b>22,174</b>	<b>26,392</b>
<b>RE Projects under 2006 Policy</b>	<b>51</b>	<b>2,634</b>	<b>4,800</b>
<b>Transmission Project under 2015 TL Policy</b>	<b>1</b>	<b>4,000</b>	<b>1,658</b>
<b>TOTAL</b>	<b>98</b>	<b>28808</b>	<b>32,850</b>

To streamline and extend a one-window facility for the development and processing of power projects of all technologies, including Alternative and Renewable Energy (ARE) projects, AEDB was merged into PPIB. This was given effect through promulgation of PPIB Amendment Act 2023, notified through No.F.9(11)/2023-Legis dated Islamabad, Saturday, June 10, 2023. This merger enhanced operational efficiency and facilitated investors in a seamless manner.



After merger of AEDB into PPIB, the later is promoting and facilitating alternative and renewable energy technologies across the country. Pakistan possesses significant renewable energy potential, including solar, wind, hydro, biomass, waste-to-energy, and geothermal resources. Despite this potential, there is heavy reliance on imported fossil fuel to meet energy demand. By 2030, Pakistan's energy demand is projected to reach 108-126 million tons of oil equivalent (TOE), necessitating a substantial increase in renewable energy capacities to reduce dependence on expensive foreign resources. The merger of AEDB into PPIB is aimed at transforming energy landscape and achieving a more sustainable and cost-effective energy mix.

PPIB has strived to reduce reliance on expensive energy production methods. By 2031, PPIB aims to achieve 62% of power generation from clean energy sources, primarily focusing on renewables. There is a noticeable shift towards other renewable energy sources, indicating reduced reliance on thermal energy.





**To achieve above targeted fuel mix, following initiatives are being taken:**

- Fast Track Solar Initiatives were launched by GoP, with a target of adding approximately 6,000 MW of solar photovoltaic (PV) capacity. This significant investment in solar energy aims to reduce dependence on costly imported fossil fuels.
- Decentralized solar PV projects are being implemented to enhance local power infrastructure, reduce power losses, outages, and voltage issues.
- Small-scale solar PV projects at the 11 kV feeder level are being procured to improve cost-efficiency and increase electricity supply without major grid infrastructure upgrades.
- Various wind, solar, and bagasse co-generation based power generation projects are already operational, with more solar projects underway.

The Fast Track Solar Initiatives 2022 involve three key pillars: substituting expensive imported fossil fuels with solar PV energy, implementing solar PV generation on 11 kV feeders, and solarizing public buildings.

Decentralized solar PV projects at the 11kV feeder level are expected to improve local power reliability and reduce costs without significant grid upgrades. Solarization of public buildings will help reduce electricity bills, relieve utilities of long-term dues, and contribute to the circular debt issue.

**Participation of PPIB in various local & international forums**

- (i) Seminar on Impact of Renewable Energy and Climate Change in Cities (25th August, 2022) – MD PPIB participated as Guest of Honor
- (ii) SDPI 1st Annual State of the RE Conference (1st September, 2022) – MD PPIB Participated as Key note Speaker
- (iii) Climate & Energy Donor Group Meeting (8th September, 2022)
- (iv) EDB: Workshop on Solar Panel & Allied Equipment Manf. Policy (4th October, 2022) – MD PPIB gave presentation
- (v) SDPI Consultative Workshop on SDG7 Road Map (6th October, 2022) – MD PPIB participated as Key note Speaker
- (vi) Dialogue on Energy Crises and Way Forward (24th October, 2022) – MD PPIB participated in Collective Dialogue



- (vii) COP27 Climate Conference (15th Nov, 2022)
- (viii) Policy Dialogue on Bridging the Financing for Achieving SDG7 (SDPI) (8th December, 2022) – MD PPIB Participated as Key note Speaker
- (ix) 2nd Series of International Conference on Hydropower Pakistan (21st December, 2022) – MD PPIB Participated as Guest of Honor
- (x) Renewable First – Webinar (17th April, 2023) – MD PPIB gave introductory remarks
- (xi) SDPI Policy Dialogue on Transition towards Environmental Sustainability: Prospect for RE Solutions (6th June, 2023) – MD PPIB participated as Key note Speaker
- (xii) NUST Energy Conference (13th June, 2023) – MD PPIB participated as Speaker

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#### **Issues faced by upcoming IPP projects:**

There are various important bipartite and tripartite activities involved in processing of a power generation project such as tariff determination, land acquisition, generation license, environmental clearance, Implementation Agreement (IA), Power Purchase Agreement (PPA), Water Use Agreement (WUA), Coal Supply Agreement (CSA), Transmission Services Agreement (TSA), Fuel Supply Agreement (FSA) etc. which are interdependent on each other and if this cycle of activities is disrupted by any single activity, it impacts on the overall chain thus disturbing the project timelines. In view of the above, although PPIB achieved significant progress in advancing and implementing upcoming IPPs, however, some potential force majeure which are beyond the control of project companies/sponsors hampered the overall development pace of few projects. However, in all such cases, PPIB referred matters to the Board and extensions in achievement of various milestones which include issuance of LOI/LOS/FC or RCOD were solicited while remaining within the legal/policy framework and purely on the basis of merit. The projects which were delayed due to multiple reasons and major issues faced by them are outlined as follows:



Project Description	Issues faced by project	Remarks/Actions taken by PPIB
<b>884 MW Suki Kinari Hydro-power Project Under CPEC</b>	<p><b>(i)</b> NTDC was required to procure and install shunt reactors for this project. However, NTDC advised the project company to procure the same. Due to change in scope, associated risks and rights and obligations of the parties, the project company was hesitant to accept it.</p> <p><b>(ii)</b> The process of land acquisition of remaining 156.11 Kanal forest land was delayed on part of GoKP. Though the Cabinet of KPK accorded its approval yet its transfer to the project company could not be completed.</p> <p><b>(iii)</b> Due to COVID-19, the construction activities were affected and remained slow against which the project company claimed Force Majeure under Section 13.2 (A) of the Implementation Agreement.</p>	<p><b>(i)</b> PPIB conducted follow-ups, highlighted the matter with relevant departments. Various meetings were conducted and the issue was resolved in January 2023.</p> <p><b>(ii)</b> Due to the efforts of PPIB long pending issue of remaining 156.11 Kanal Forest Land was resolved. However, official transfer of the same not yet completed.</p> <p><b>(iii)</b> Due to outbreak of COVID-19, construction activities of the project have adversely been affected including engineering, procurement and human/personnel resource etc. Project company as well as NTDC issued COVID-19 FME. PPIB has been advising the project company to employ mitigation measures as provided under Section 13.3 of IA (Duty to Mitigate) in order to minimize the impact of COVID-19 in</p>



		<p>project construction activities and provide complete detail of alleged events and circumstances (including effects thereof) while precisely quantifying the delay. PPIB was involved in evaluating the impact of COVID-19 pandemic. In this regard a detailed report calculating possible delay in projects was prepared. CPPA-G Board extended RCOD till 30th November 2024 in July 2022, thus the issue was resolved.</p>
<p><b>700 MW Azad Pattan Hydropower Project Under CPEC</b></p>	<p><b>(i)</b> Sinasure is a mandatory insurance requirement for Chinese investments abroad on Chinese side. Sinasure expressed reluctance in further investment in projects due to delay in payment to already commissioned IPPs under CPEC. Therefore, the Chinese lenders remained hesitant to provide financing. Despite efforts of GoP entities, the issue remained unresolved till 30th June 2023.</p>	<p><b>(i)</b> PPIB assisted Power Division for coordination through MoPD&amp;SI and MoFA with Chinese counterpart. Moreover, materialized inclusion of Sinasure issue as an agenda of 7th EPEP and 11th JCC meetings under CPEC. 7th EPEP and 11th JCC meetings supported for clearance by Chinese financial institutions and Sinasure. Government of Pakistan also established Pakistan Energy Revolving Account whose</p>



	<p><b>(ii)</b> Company has deposited PKR 2.72 Billion to GoAJ&amp;K and GoPunjab. Awards of private land in AJ&amp;K and Punjab side completed. Possession of land could not be completed on both sides. Denotification of reserved forest land and notification of alternate forest land on Punjab side could not be realized till 30th June 2023.</p> <p><b>(iii)</b> NEPRA in March 2022 granted conditional approval to the ECC approved and subsequently executed Tripartite Power Purchase Agreement (TPPA)- the core commercial documents.</p>	<p>endorsement by China side remained awaited till 30th June 2023.</p> <p><b>(ii)</b> Extensive follow up continued from PPIB side with relevant entities of GoAJ&amp;K and GoPunjab.</p> <p><b>(iii)</b> Despite rational based support of PPIB through CPPAG, NEPRA by its review decision dated 25-1-2023 maintained its stance/ conditional approval on contractual obligations. The issue could not be settled till 30th June 2023.</p>
<p><b>1,124 MW Kohala Hydro-power Project under CPEC</b></p>	<p><b>(i)</b> Sinosure expressed reluctance for further investment in projects due to delay in payment to already commissioned IPPs under CPEC. Therefore, the Chinese lenders remained hesitant to provide financing. Despite efforts of GoP entities, the issue remained unresolved till 30th June 2023.</p>	<p><b>(i)</b> PPIB assisted Power Division for coordination through MoPD&amp;SI and MoFA with Chinese counterpart. Moreover, materialized inclusion of Sinosure issue as an agenda of 7th EPEP, 11th JCC and 9th JEWG meetings under CPEC. 7th EPEP and 11th JCC meetings supported for clearance by Chinese financial institutions and Sinosure. GoP also established Pakistan Energy</p>



**(ii)** The process of land acquisition for total 8600 kanal and lease to the project company remained very slow on part of GoAJ&K. Though the KHCL had paid Rs. 1.53 billion for 4607 kanal yet its award/possession could not be made by GoAJ&K and price assessment of remaining land was also delayed. Moreover, GoAJ&K in year 2020, Introduced a new Act for land acquisition (LAA 2020). Therefore, the land acquisition process went on hold due to delay in resolution of the issue about applicability of LAA 1894 versus LAA 2020.

**(iii)** NEPRA in March 2022 granted conditional approval to the ECC approved and subsequently executed Tripartite Power Purchase Agreement (TPPA)- the core commercial documents.

**(iv)** In order to settle inter alia the environmental flow issue, ECC decided to include STPs and WBs as

Revolving Account whose endorsement by China side remained awaited till 30th June 2023

**(ii)** PPIB followed up, however Company remained reluctant to proceed further in the absence of Sinasure clearance hence land acquisition could not be completed till 30th June 2023.

**(iii)** Despite of rational based support of PPIB through CPPAG, NEPRA by its review decision dated 25-1-2023 maintained its stance/ conditional approval on contractual obligations, and with the way-out for ECC/GoP to treat FX loss/gain cost in line with NEP 2021. The issue could not be settled till 30th June 2023

**(iv)** PPIB submitted its input opinion to Power Division so that CPPAG could take up the matter again with NEPRA. However, the issue remained unresolved till 30th June 2023.



	<p>integral part of the Project &amp; its cost to be approved by NEPRA. In light of ECC decision, GoP, GoAJ&amp;K and project company entered into Tripartite Agreement on 25-6-2020. The project company filed cost approval petition for STPs through CPPA-G before NEPRA. NEPRA in its determination dated 1-3-2022 did not allow addition in cost for STPs. Company filed review motion through CPPA-G. NEPRA conducted hearing on 21-6-2022. NEPRA on MLR decision dated 18-11-2022 stated that it doesn't consider STPs and WBs as part of the Complex.</p>	
<b>640 MW Mahl Hydropower Project</b>	<p>The CPPA-G advised PPIB not to process this project further till the approval of IGCEP. IGCEP 2021-30 approved by NEPRA did not include this project in committed category. NEPRA's approved IGCEP 2022-31 dated 1st February 2023 optimized/included this project.</p>	<p>PPIB advised Project Company to fulfill pre-requisites for issuance of LOS by PPIB. However, Company on deteriorating national economic indicators and corresponding international rankings applied for LOI extension. The matter was considered by Projects Committee of the Board in June 2023 and it recommended two years</p>



		<p>extension for approval of the Board. Therefore, LOS could not be issued till 30th June 2023</p>
<p><b>82.5 MW Turtonas-Uzghor Hydropower Project</b></p>	<p>The Project Company has requested for the transition of Project from CPPA-G to K-Electric as power purchaser. Meanwhile the Project has also been included in latest iteration of IGCEP 2022-31 (approved by NEPRA), as optimized project for K-Electric.</p>	<p>The Sponsors, while following the current energy dynamics and futuristic approach in the power sector from a single buyer to multiple buyers and open access shift whereas the power purchaser can be another entity instead of CPPA-G, initiated the negotiation with K-Electric Limited (KE) for procurement of the power and signed Letter of Intent (LOI) with KE. PPIB and the sponsors of the project are in the process to develop a framework /structure regarding the aforementioned change of Power Purchaser for the approval of the authority.</p>



<b>450 MW Athmuqam Hydro-power Project</b>	After approval of Feasibility Study (FS), the project sponsors submitted tariff proposal to CPPA-G for onward submission to NEPRA. CPPA-G returned the FS tariff proposal with the plea that it cannot further process till inclusion of project in committed category of NEPRA's approved IGCEP. IGCEP 2021-30 and IGCEP 2022-31 approved by NEPRA did not optimize/include this project.	Due to non-inclusion of the Project in IGCEP iterations, the development process could not be moved ahead.
<b>8 MW Kathai-II Hydropower Project</b>	The Project Agreements i.e. GOP IA, GoAJ&K IA and GoAJ&K Water Use Agreement (WUA) could not be reviewed, negotiated and finalized by the project company as the standardized drafts are to be approved by ECC.	After drafting the standard agreements for small hydro-power projects (Security Package), the process for soliciting approval of ECC/C-COE was initiated through Power Division, however, PPIB on request of Power Division provided a legal and technical opinion regarding the project and approval of the Standard Security documents for the project whereby it was opined that further course of action must therefore be decided upon keeping in mind the considerations provided in the opinion.



### 7.08 MW Riali-II Hydropower Project

**(i)** The project agreements i.e. GOP IA, GoAJ&K-IA and GoAJ&K Water Use Agreement (WUA) could not be reviewed, negotiated and finalized by the project company as the standardized drafts have to be approved by the ECC first.

**(ii)** Due to non-availability of approved standardized Project Agreements for SHPPs under the Power Generation Policy 2015, the project company again requested for extension in Financial Close for one (1) year.

**(iii)** Rehabilitation and utilization of the right of way (ROW) of existing/redundant 33 kV transmission line owned by PESCO from Riali-II HPP to 11/132 kV Muzaffarabad (old) grid station was foreseen for inter-connection; however, transmission line (T/L) ROW in Muzaffarabad city area is presently utilized by AJ&K Electricity Department for the local area electricity

**(i)** After drafting the standard agreements for small hydropower projects (Security Package), the process for soliciting approval of ECC/C-COE was initiated through Power Division, however, PPIB on request of Power Division provided a legal and technical opinion regarding the project and approval of the Standard Security documents for the project whereby it was opined that further course of action must therefore be decided upon keeping in mind the considerations provided in the opinion.

**(ii)** The matter of 3rd extension in the LOS of Riali-II HPP is under process for PPIB's Board approval.

**(iii)** The issues of ROW of existing/redundant 33 kV transmission line, System Operator and back-to-back agreement to be signed between CPPA-G and PESCO were considered and meetings of stakeholders (CPPAG, PESCO and AJ&K Electricity Department) were



distribution. Consequently, the issue of ROW has been taken up with AJ&K Government to hand over the ROW including city area to Sponsor of Riali-II HPP in order to initiate work on the T/L by the project company.

**(iv)** As per Energy Purchase Agreement (EPA) signed between CPPA-G and Riali-II project, PESCO was designated as system operator and Back-to-Back Agreement was to be signed between CPPA-G and PESCO; however later on PESCO showed reluctance on the matter. PESCO is of the opinion that NTDC should be designated as system operator instead of PESCO and all relevant obligations arising under the EPA regarding system operator should be attributed to NTDC.

convened to resolve the issues. PESCO Board on the basis of NTDC/ NEPRA recommendation approved the Project evacuation suggested by NTDC and allowed the Project Company to utilize the Rite of Way (ROW) of PESCO owned 33 kV redundant transmission line. For this purpose, the project Company upon the PESCO consent has conducted detail survey & design of the Transmission Line to finalize rout and ROW for construction and connectivity of Riali-II HPP through 33 kV line with 132 kV Grid Station Muzaffarabad.

**(iv)** PESCO will finalize the decision on the issue of assigning the role of system operator and setting up of PESCO's own control center in compliance with the direction of NEPRA issued through its letter No.NE-PRA/DG(M&E)/ LAD-11 dated 2nd October 2019) to act as system operator for the transmission line.



<p><b>300 MW Ashkot Hydropower Project</b></p>	<p>PPIB in November 2018 accepted transfer of the project from GoAJ&amp;K for further processing however LOI could not be extended for completion of feasibility study due to non-availability of approved IGCEP. IGCEP 2021-30 and IGCEP 2022-31 approved by NEPRA did not optimized/include this project.</p>	<p>Due to non-inclusion of the Project in IGCEP iterations, the development process could not be moved ahead.</p>
<p><b>300 MW Imported Coal based Gwadar Power Project</b></p>	<p>Progress on the project is slow on account of delays due to SINOSURE insurance approval. SINOSURE is reluctant for insuring any new power projects in Pakistan, especially Gwadar Power Project; owing to trend of increasing overdue payments to commissioned CPEC Power Projects. On account of delays Gwadar coal power project requested extension in Financial Closing Date.</p>	<p>PPIB Board in its 137th meeting held on 13th December 2022 approved an extension in FC till 31st March 2023 and later in its 138th meeting held on 16th March 2023 extended the Financial Closing Date to 31st December 2023.</p> <p>PPIB has also taken up the issue of delay in Sinosure with Ministry of Energy (Power Division) and with the Ministry of Planning Development and Reforms so that the same may be taken up with the Chinese Authorities at highest forums.</p>



		<p>It is expected that with genuine efforts of all stakeholders including PPIB, the Project is expected to achieve Financial Closing by December 2023 and COD by December 2025.</p>
<b>1320 MW Huaneng Shandong Ruyi (Pak) Energy (Pvt) Ltd</b>	<p>Delayed payments from CPPA is hampering operation of the plant, despite being near the load center.</p> <p>Project is facing issues with regards to Revolving account issue with GoP/SBP, Availability of Foreign Exchange with GoP/SBP to open Letter of Credit, deduction of capacity payment with CPPAG and Conversion on local coal.</p>	<p>PPIB requested CPPA, to release payments of all undisputed invoices at the earliest.</p> <p>PPIB vigorously pursued the matter with SBP regarding the establishment of revolving accounts and foreign exchange matter.</p>
<b>1320 MW Port Qasim Electric Power Co (Pvt) Ltd</b>	<p>Delayed payments from CPPA is hampering operation of the project.</p> <p>PQEPCL facing issues with regards to, Revolving account with GoP/SBP, Availability of Foreign Exchange with GoP/SBP to open Letter of Credit, deduction of capacity payment with CPPAG and Conversion on local coal.</p>	<p>PPIB has taken up the matter with CPPA to release all undisputed payments of PQEPCL at the earliest.</p> <p>PPIB vigorously pursued the matter with SBP regarding the establishment of revolving accounts and foreign exchange matter.</p>



### **1320 MW China Power Hub Generation Company Coal Power Project**

Delayed payments from CPPA is hampering operation of the project.

CPHGC facing issues with regards to, Revolving account with GoP/SBP, Availability of Foreign Exchange with GoP/SBP to open Letter of Credit and Conversion on local coal.

PPIB has taken up the matter with CPPA to release all undisputed payments of CPHGC at the earliest.

PPIB is vigorously pursuing SBP regarding the establishment of revolving account and foreign exchange matter.

### **Role in implementation of E-governance**

E-governance is the integration of Information and Communication Technology (ICT) into the government system to make the working processes efficient, accessible, and convenient. Pakistan is gradually moving towards the path of implementation of e-governance. NITB facilitates the Federal Ministries and Divisions to implement e-governance programs. E-governance will help in shifting from manual to a paperless electronic system and PPIB is in the process of adopting e-office and in this regard has achieved considerable progress. Necessary training has been given to the relevant staff through NITB while required equipment is being arranged in consultation with NITB.

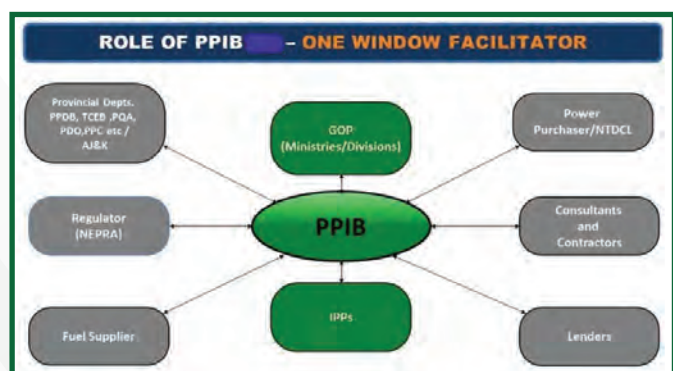


# Private Power and Infrastructure Board

In 1992, the Government of Pakistan approved unbundling plan of WAPDA, considering the facts that Power Policy issues cut across the responsibilities of numerous institutions & departments and also that typical Govt structure lacks specialized skill set in technical, financial, legal and investment areas. The PPIB was established in 1994 as a “One-Window” organization to promote, encourage and facilitate private investments in power sector. While initially PPIB was established through an administrative order of the Federal Government, however in order to engender more operational and administrative independence, PPIB was given statutory status in 2012 through Private Power and Infrastructure Board Act, 2012 (Act VI of 2012) (the “PPIB Act”).



The core functions of PPIB include implementation of and assistance in formulation of power policies towards development of power generation and infrastructure (transmission and distribution), preparation and execution of security package documents including GOP Guarantee in relation to such projects, coordination with provincial/AJ&K/GB governments and other government agencies (such as NEPRA, SBP, FBR, Environmental Protection Agencies etc.) to achieve the policy objectives. On power generation side, the PPIB’s mandate extends to all kinds of power generation including hydro, thermal, coal, gas, RFO, diesel etc. Later to allow specific public sector projects to be processed in IPP mode, PPIB Act was amended vide Private Power & Infrastructure Board Amendment





Act, 2016. PPIB since its inception has been instrumental to attract massive investments in energy sector on different technologies under various GOP power policies announced in 1994, 1995, 2002 and finally 2015. It has acquired in-house expertise and right mix of skill set in structuring project finance transactions, evaluation of financing documents, negotiating and finalizing project agreements, conduct of feasibility studies etc. It has played a vital and leading role in bridging the gap between demand and supply in power sector and so far, has successfully facilitated development of forty-six(46) power projects based on multi-fuel technologies with cumulative capacity of 22,174 Megawatts (MW), which is approximately 50% of total generation capacity of Pakistan. PPIB has also facilitated development of Pakistan's first ever private sector approx. 886 KM long HVDC transmission line project under the aegis of CPEC. Thus, a vast, enriching and time-tested experience in the areas of project and infrastructure finance, engineering, policy, law, HR & IT is presently housed in PPIB.

#### **PPIB performs following functions in the light of PPIB Act 2012 and PPIB Amendment Act 2016**

- Recommend and facilitate development of power policies;
- consult the concerned provincial government, prior to taking a decision to construct or cause to be constructed a hydroelectric power station in any Province and to take decisions on matters pertaining to power projects set up by private sector or through public private partnership and other issues pertaining thereto;
- coordinate with the provincial governments, local governments, Government of Azad Jammu and Kashmir (AJ and K) and regulatory bodies in implementation of the power policies, if so required;
- coordinate and facilitate the sponsors in obtaining consents and licences from various agencies of the Federal Government, Provincial Governments, local governments and Government of AJ and K;
- work in close coordination with power sector entities and play its due role in implementing power projects in private Sector or through public private partnership or for public sector power projects as per power system requirements;
- function as a one-stop organization on behalf of the Federal Government and its Ministries, Departments and agencies in relation to private power companies, sponsors, lenders and whenever necessary or appropriate, other interested persons;



- draft, negotiate and enter into security package documents or agreements and guarantee the contractual obligations of entities under the power policies;
- execute, administer and monitor contracts;
- prescribe and receive fees and charges for processing applications and deposit and disburse or utilize the same, if required;
- obtain from sponsors or private power companies, as the case may be, security instruments and encash or return them, as deemed appropriate;
- act as agent for development, facilitation and implementation of power policies and related infrastructure in the Gilgit-Baltistan areas and AJ & K;
- prescribe, receive, deposit, utilize or refund fees and charges, as deemed appropriate;
- open and operate bank accounts in local and foreign currencies as permissible under the laws of Pakistan;
- commence, conduct, continue and terminate litigation, arbitration or alternate dispute resolution mechanisms at whatever levels may be necessary or appropriate and hire and pay for the services of lawyers and other experts therefor;
- appoint technical, professional and other advisers, agents and consultants, including accountants, bankers, engineers, lawyers, valuers and other persons in accordance with section 11;
- hire professional and supporting staff and, from time to time, determine the emoluments and terms of their employment, provided always that at no stage shall such emoluments be reduced from such as are agreed in the contracts with such persons; and
- perform any other function or exercise any other power as may be incidental or consequential for the performance of any of its functions or the exercise of any of its powers or as may be entrusted by the Federal Government to meet the objects of the Act.

**After merger of AEDB into PPIB through promulgation of PPIB amendment Act 2023, following functions also have been entrusted to PPIB.**

- develop national strategy, policies and plans for utilization of alternative and renewable energy resources to achieve the targets approved by the Federal Government in consultation with the Board;
- act as a forum for evaluating proposals, monitoring of the projects and alternative and renewable energy products and to certify their vendors, installers and service providers;
- create awareness and motivation of the need to set up alternative and renewable



energy projects for benefit of general public as well as evaluating concepts and technologies from technical and financial perspective;

- conduct feasibility studies and surveys to identify opportunities for power generation and other applications through conventional and alternative and renewable energy resources;
  - make legislative proposals to enforce use and installation of equipment utilizing alternative and renewable energy;
  - setup alternative or renewable energy projects on its own or through joint venture or partnership with public or private entities in order to create awareness and motivation of the need to take such initiatives for the benefit of general public as well as by evaluating concepts and technologies from technical and financial perspectives;
  - interact and co-ordinate with international and national agencies for promotion and development of alternative or renewable energy;
  - assist in development and implementation of plans with concerned authorities and provincial governments and special areas for off-grid electrification;
  - to develop or cause to be developed electric power installations and infrastructure in accordance with the power policies and act as an independent auction administrator and perform other functions in the electric power market;
  - to act as a coordinating agency for commercial application of alternative or renewable technology.
-



## b) **Functional Organogram**

The Chief Executive Officer of PPIB is the Managing Director who is appointed by the GoP. The Managing Director heads following sections:

- **Projects Sections**

The Projects Sections include i) Hydropower Section, ii) Coal Section, iii) Thermal Section and iv) Transmission Section, each headed by a Director General. The Hydropower, Coal and Thermal Sections deal with the matters related to processing and implementation of power generation projects based on hydro, coal and thermal technologies (including gas / RLNG, oil) respectively in the private as well as public sector under the applicable power policies of the GoP. They also administer the IPPs commissioned through PPIB under various policy frameworks in accordance with their respective project agreements. The Transmission Section deals with the matters related to processing and implementation of private sector transmission projects under the applicable policy of the GoP.

- **Finance & Policy Section**

Responsible for Financial and Policy matters. Looking after all aspects of Project Financing, this Section is also responsible for internal accounts and finance of PPIB, and assigned with developing draft power and infrastructure policies.

- **Law Section**

Deals with all legal affairs of the PPIB specifically the Security Package Agreements of the commissioned as well as upcoming IPPs, and other related matters.

- **Corporate Affairs Section**

Deals with the corporate affairs of the PPIB. Handling Pakistan Citizen's Portal of Prime Minister's Delivery Unit (PMDU), record keeping of ECC / CCOE, CCI and Cabinet Decisions are major functions of this Section.

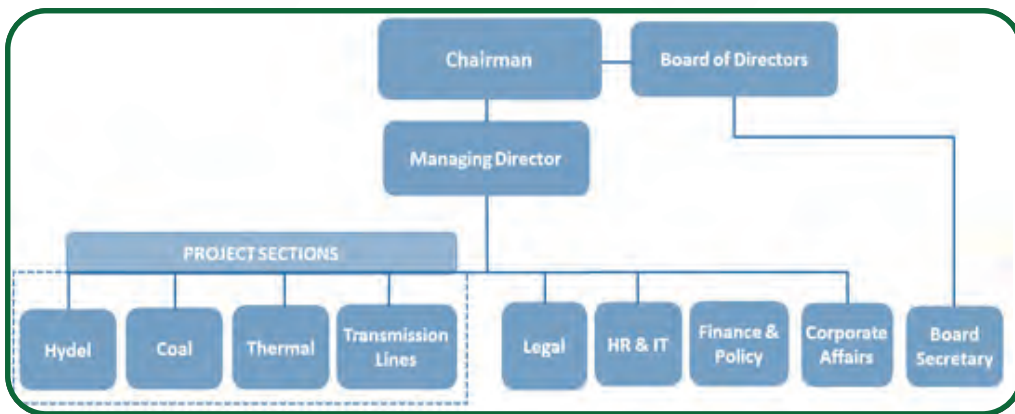
- **HR & IT Section**

Deals with the human resource, information technology and administrative matters of PPIB and also coordinates with all other Sections for compilation of data.

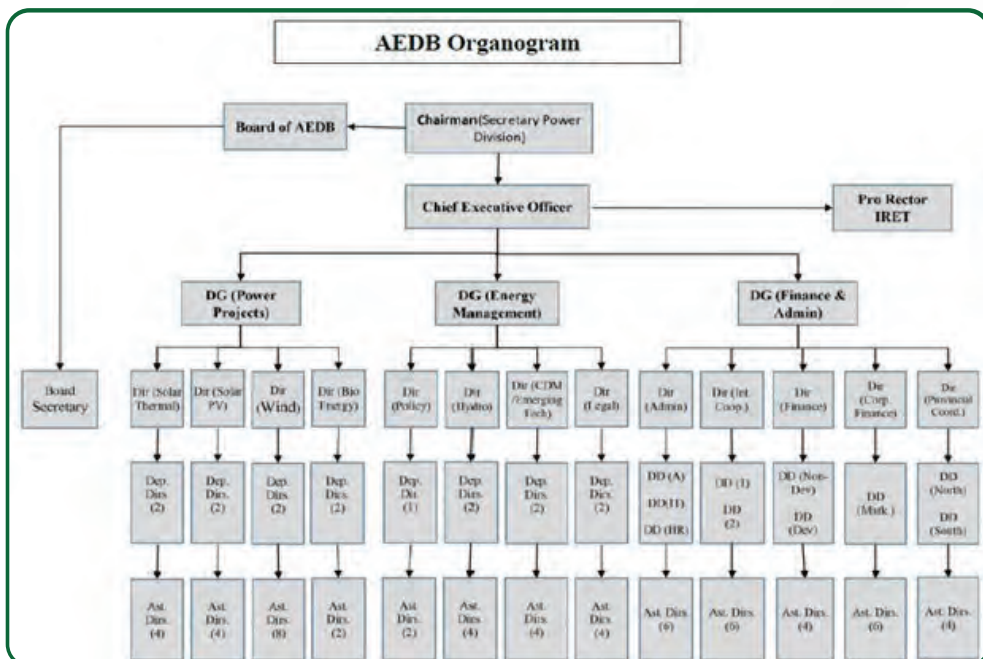


Possessing advanced degrees in their fields, wide variety of experience and dedication have groomed the employees of PPIB to a degree where with the expertise, which is a unique blend of engineering techniques, contract administration abilities, practice of solving legal riddles, project management proficiency, negotiation skills, financial dexterity and IT skills, have enabled them to handle complex issues arising while administering the Security Documents comprising of, inter alia, Implementation Agreement(s), Power Purchase Agreement(s), Fuel Supply Agreement(s), Water Use Licence(s), Shareholders Agreement(s), Lease Agreement(s) Tripartite Agreement(s) etc.

**Functional organogram of PPIB is as shown below:**



After merger of AEDB into PPIB following organogram of AEDB is now also part of PPIB. The process of restructuring & rationalization of organic structure is in process and after approval of revised organogram by PPIB Board, it will be merged into PPIB





### c) Board of Directors

The Federal Government has designated Secretary, Ministry of Energy (Power Division), as the Chairman of PPIB Board to preside over the meetings of PPIB Board and exercise the other powers as Chairman with effect from 16.09.2021 and till amendment of the PPIB Act, 2012 (as amended). The Board of PPIB is represented by high level officials from relevant ministries, which include Secretaries from Power Division, Petroleum Division, Ministry of Finance and Planning Division, plus the Chairman of FBR, Chairman of WAPDA and Chief Secretaries of Provinces and AJ&K. For maintaining a healthy balance, the Board also has the representation of Gilgit Baltistan and FATA in the decision-making process while acknowledging significant amount of share in the current power generation capacity of country, private sector has also been made part of the Board by having one private sector member from each Province. However, after merger of FATA in the KP, the representation of FATA no longer exists in the Board of PPIB. Composition of the Board as provided vide PPIB Act 2012 (as amended after PPIB amendment Act 2023) is as follows:

Chairman	Secretary Ministry of Energy (Power Division)
Members	Secretaries Finance, Petroleum, Planning and Climate Change* Divisions/Ministries
	Chief Secretaries of Provinces and AJ&K
	Chairman, FBR, Chairman WAPDA and MD PPIB
	One representative from the GoGB
	One Private Sector Member from each Province

**\*Added from 10th June, 2023 after amendment of PPIB Act.**



Through collective intellect, the Board provides strategic direction to PPIB by granting approvals, guidance, roadmap and way forward towards performing various functions in accordance with the mandate of PPIB and in the light of PPIB Act 2012 (as amended) while ensuring that goals and objectives are achieved efficiently. Committees are constituted to facilitate the decision-making process of the Board. It has been a regulatory requirement in Corporate sector and PPIB has adopted it voluntarily thereby constituting following committees of the PPIB Board.

#### d) Committees of the Board

##### (A) Audit and Finance Committee

- Member from Ministry of Finance
- Member from Planning Division
- Member from Government of AJ&K
- Member from Government of Punjab
- Member from Government of Khyber Pakhtunkhwa

##### (B) Human Resource Committee

- Member from Government of Sindh
- Member from Government of Balochistan
- Member from Ministry of Finance
- Member from Planning Division
- Member from WAPDA



### (C) Projects' Committee

- Member from Planning Division
- Member from Government of Punjab
- Member from Government of Sindh
- Member from Khyber Pakhtunkhwa
- Member from Government of Balochistan
- Member from Government of AJ&K
- Managing Director PPIB

### e) Management Team

- Mr. Shah Jahan Mirza, Managing Director
- Dr. Munawar Iqbal, Director General Projects Hydro
- Mr. Ali Nawaz, Director General Projects Coal
- Mr. Adil Sharif, Director General Law
- Mr. Safer Ahmed, Director General Finance & Policy
- Mr. Faisal Riaz, Director General Corporate Affairs
- Mir Adil Hameed, Director General Projects Transmission
- Mr. Khalid Umar, Director General HR
- Mr. Shahzad Anwar, Director General Projects Thermal

**f) PPIB Office**

Private Power and Infrastructure Board  
Ground, 1st and 2nd Floors, Emigration Tower,  
Sector G-8/1, Islamabad.  
Tel. No. 051-9264034-45, Fax No. 051-9264030-31  
Email: ppib@ppib.gov.pk; Website: www.ppib.gov.pk

**g) Main Bankers**

- Habib Bank Limited
- Meezan Bank Limited

**h) Auditors**

- M/s Riaz Ahmed and Company, Chartered Accountants



# Meetings of PPIB Board

During the financial year 2022-23, three meetings of the PPIB Board were held under the chairmanship of Secretary, Ministry of Energy (Power Division), who was designated as Chairman to preside over meetings of the Board of PPIB by the Federal Government. Brief on key decisions taken during 136th to 138th meetings of the Board are as follows:

## **136th Meeting held on 16th July 2022**

The PPIB Board granted extension in Financial Closing (FC) date for 2 years, to accommodate remaining pre-requisites of FC of 1124 MW Kohala Hydropower Project, on the basis of single Performance Guarantee as the reasons of delay in achievement of FC were beyond the reasonable control of the Project Company subject to extension in the validity of Bank Guarantee three months beyond the extended FC Date.

## **137th Meeting held on 13th December 2022**

- (i)** The PPIB Board decided regarding Engro Power Gen Qadirpur Ltd- Gas Depletion Mitigation Plan/Option as follows:
  - a)** Since sufficient clarity on financial results of GDMP/GDMO, did not exist, the Board directed that further analysis is to be done on the possible options of gas depletion mitigation.
  - b)** EPQL is to be engaged for reduction in PEL gas pricing. Moreover, Petroleum Division shall make an analysis with OGRA regarding minimum expected price of PEL gas.
  - c)** A duly signed-off table be finalized with EPQL on year-wise termination compensation amounts for rest of the life of the project.
  
- (ii)** The Board granted ex post facto approval of M/s Howard Kennedy and signing of letter of engagement. The Board also decided that all costs associated with the Guarantee Arbitration including fees payable to LCIA secretariat, M/s Howard Kennedy, Barrister (yet to be hired), as and when incurred, will be managed by PPIB and in case of non-availability of funds at PPIB, a formal request for supplementary grant will be submitted to MoF



- (iii) The PPIB Board granted extension in Financial Closing of following projects:
- i.** LoS of 8.0 MW Kathai-li Hydropower Project for twelve months
  - ii.** The Letter of Support (Los) Of 700.7 MW Azad-Pattan Hydropower Project for 24 months
  - iii.** 300 MW Imported Coal Power Project at Gwadar, Balochistan upto 31st March, 2023
- (iv) The PPIB Board approved the Master Agreement, the PPA Amendment Agreement and the Novation Agreement as finalized by CPPAG with Uch Power (Private) Limited and direct CPPAG to move summary for the consideration and approval of the ECC / Federal Cabinet in line with the previous practice.
- (v) The PPIB Board approved:
- a)** PPIB's Budget for The Year Ending June 30, 2023
  - b)** The Audited Accounts for The Years Ended June 30, 2021 And June 30, 2022
  - c)** Annual reports for the year 2021 & 2022.
- (vi) The Board approved following posts to meet HR requirements of PPIB:

***I. For IAA function (Reference Table B&C of working paper):***

IAA Human Resources	Director General	Deputy Director
Department Head	1	-
Planning Specialist	-	1
Environment Specialist	-	1
Market Technology Specialist	-	1

***II. For existing setup of PPIB:***

- (a)** Post of IT Officer will be created
  - (b)** Instead of creating post for Assistant, PPIB shall hire Research Associates (RAs) on adhoc/need basis by creating "RA fund".
- (vii) The Board approved:
- i.** draft PPIB (Fee and Charges) Amendment Rules, 2022 with change that the words "Commencement of this Private Power and Infrastructure Board (Fee and Charges) Amendment Rules, 2022" shall be substituted by "1st July 2022".



- ii. After above change, Rule 3A shall stand substituted with following:  
"3A. Exemption from payment of fee and charges. From and after the 1st July 2022, the power companies and sponsors shall be exempted from payment of any fee or charges under these Rules in relation to any extension required in the target date of a specific milestone under the LOI solely due to adjustment of its timelines under the IGCEP or when any extension in the target date of a specific milestone under the LOS Is required, in respect of 500 or above MW hydropower projects of strategic nature involving foreign direct investment, due to delays attributable to government entities or beyond reasonable control of the power companies and sponsors, provided, however, fee and charges under these Rules shall not be exempted when any delay in achieving the target dates of such milestones is also attributable to the power companies and sponsors."
- (viii) The Board decided that PPIB management shall seek external independent legal opinion regarding applicability of provincial quota on PPIB to enable the Board to take informed decision
- ♦ **138th Meeting held on 16th March 2023**
- (i) The PPIB Board granted extension in financial closing date of following projects;
- 1,320 MW Thar Coal Power Project By M/s Thar Coal Block-I Power Generation Company Private Limited (TCB-I) up to 31st December 2023.
  - 300 MW Imported Coal Power Project at Gwadar, Balochistan up to 31st December 2023
- (ii) The Board approved;
- a) Amendment No. 4 to PPA and Amendment No. 4 to the GSA as approved by CPPAG's Board and OGDCL respectively for issuance of consent to UPL; and
- b) Amendment No.5 to the GSA for issuance of consent to Uch Power (Private) Limited (UPL) with the conditions that for the extended term of GSA
- (iii) The Board approved withdrawal of all suits, applications, petitions by GOP/PPIB against the IPPs subject to simultaneous withdrawal of all proceedings, applications and writs filed by the IPPs against GOP/PPIB in respect of above disputes whether through a joint statement or otherwise as deemed appropriate.
- (iv) The Board approved;
- a) Engagement of Barrister Hannah Brown KC to represent GOP in the LCIA Arbitration No. 225636 – Star Hydropower Ltd vs Islamic Republic of Pakistan against the hourly charge out rate of GB£ 575.00 plus VAT with total estimated fee of GB£ 192.500/- plus VAT; and
- b) Engagement of Mr. Faisal Naqvi, Sr. Partner at Bhandari Naqvi Riaz to assist M/s Howard Kennedy as co-counsel to render advice on Pakistan law against the professional fee of US\$ 13,090/- for Phase-1 of the said LCIA Arbitration.
- (v) The PPIB Board approved Remuneration Structure of MD PPIB.



# Role of PPIB in Power Sector

## Primarily PPIB has been entrusted with following tasks;

1. One-window facilitator/one-stop organization on behalf of GoP to promote, encourage, facilitate and safeguard private investments in power sector
2. Facilitates GOP in development and Implementation of Power Policies
3. Development and implementation of power projects and related infrastructure in private sector, public –private partnership and specific public sector projects
4. Approves Power Generation (IPPs) and Transmission Line Projects
5. Executes Implementation Agreement on behalf of President of Pakistan
6. Issues GoP guarantees against payment obligations of Power Purchaser
7. Acts as agent for development, facilitation and implementation of power projects and related infrastructure in GB and AJ&K
8. Coordination with the provincial governments, local governments, government of AJ& K and regulatory bodies in implementation the power policies / projects
9. Coordinates and facilitate sponsors in obtaining consents and licenses from various federal, provincial, AJ&K and local governments
10. Coordinates / liaisons with local and international banks and multilateral Institutions.
11. develops national strategy, policies and plans for utilization of alternative and renewable energy resources to achieve the targets approved by the Federal Government in consultation with the Board;
12. acts as a forum for evaluating proposals, monitoring of the projects and alternative and renewable energy products and to certify their vendors, installers and service providers;
13. creates awareness and motivation of the need to set up alternative and renewable energy projects for benefit of general public as well as evaluating concepts and technologies from technical and financial perspective;
14. conducts feasibility studies and surveys to identify opportunities for power generation and other applications through conventional and alternative and renewable energy resources;



15. makes legislative proposals to enforce use and installation of equipment utilizing alternative and renewable energy;
16. setups alternative or renewable energy projects on its own or through joint venture or partnership with public or private entities in order to create awareness and motivation of the need to take such initiatives for the benefit of general public as well as by evaluating concepts and technologies from technical and financial perspectives;
17. interacts and co-ordinate with international and national agencies for promotion and development of alternative or renewable energy;
18. assists in development and implementation of plans with concerned authorities and provincial governments and special areas for off-grid electrification;
19. to develop or cause to be developed electric power installations and infrastructure in accordance with the power policies and act as an independent auction administrator and perform other functions in the electric power market;
20. to act as a coordinating agency for commercial application of alternative or renewable technology.

To meet its energy needs, every country uses types of fuels available to it. Fossil fuel dominates energy mix at global level. Pakistan's scenario is not different from rest of the world. Pakistan is producing limited percentage of oil to meet the overall demand of the country. The indigenous oil production is constrained by technological, technical and financial constraints. This necessitates import of crude oil and other oil products in large quantities to meet significant share of the total demand. Higher oil prices in the global market and depreciation of the Pakistani Rupee has made oil more expensive. The scarce natural gas reserves of the country are quickly depleting due to substantial increase in the demand for gas, putting huge pressure on the limited natural gas reserves of the country. One of the prime targets of PPIB is to reduce the total generation cost by reducing reliance on imported fuel & exploiting indigenous resources.

Coal is also used for electricity generation in Pakistan. Thar has the largest coal reserves in the country which have been actively developed in recent years. The first Thar coal-based power generation plant, having capacity of 660 MW, became operational in the first quarter of FY2020. Currently, the overall electricity generation from coal has reached 7,260 MW. Thar coal is contributing 2,640 MW, while imported coal contribution in electricity generation is 4,620 MW which is around 63.6 percent of the total electricity generation from coal in the country. Electricity generation configuration is relying heavily on the imported coal and this trend is likely to change as units based on the Thar coal field are added to the electricity generation mix.



Pakistan is very rich in hydropower and has the enormous potential to generate electricity from water. The estimated total hydropower potential of Pakistan is around 64,000 MW. The high investment cost for the installation of hydropower plants, development of electricity transmission network and resettlement of the affected population are few reasons for hydropower not being exploited to its full capacity. Currently, the installed capacity of hydropower plants is 10,852 MW (including small hydropower projects) which is around 17 percent of the total hydropower potential.

PPIB has already achieved commissioning of 46 IPPs, with cumulative capacity of 22,174 MW. The fuel mix is oil 21.7%, Gas 18.7%, Imported Coal 17.9%, R-LNG 22.1%, Thar Coal 14.9% and Hydro 4.7%. However, pursuing the clean green vision, 15 IPPs are under process. The fuel mixes of under process IPPs is Hydro 77.1%, Thar Coal 18.7%, and Imported Coal 4.2%. After completion of under process IPPs the fuel mix will become Hydro 22.3%, Thar Coal 15.8%, R-LNG 16.7%, Oil 16.5%, Imported Coal 14.6%, Gas 14.2% and oil 16.5%.



IPPs Status / Fuel	Commissioned IPPs	Under Process IPPs	Commissioned + Under Process IPPs
Oil	21.7%	-	16.5%
Gas	18.7%	-	14.2%
Imported Coal	17.9%	4.2%	14.6%
R-LNG	22.1%		16.7%
Thar Coal	14.9%	18.7%	15.8%
Hydro	4.7%	77.1%	22.3%

### PIB's Role in CTBCM

The process for transition of power sector from existing market structure based on single buyer model to a competitive wholesale power market, is underway, through a comprehensive plan "Competitive Trading Bilateral Contract Market (CTBCM)".

CTBCM is an initiative to transition from 'Singer Buyer Model' towards a 'Competitive Bilateral Contract Market' having the key characteristics like, comprehensive contracts volatility of generation cost and security of supply for buyers, mechanism for explicit allocation of energy transmission and distribution losses and balancing mechanism i.e. pricing & capacity balancing.

GOP has granted in principle approval and directed CPPA-G to prepare design for wholesale electricity market. CTBCM's conceptual design has already been approved by NEPRA on 5th December 2019, whereas detailed design was approved on 10th November 2020.

PIB shall assume the role of IAA to facilitate DISCOs in procuring new generation capacity through competitive auction process, prepare procurement plan based on capacity obligation of DISCOs and input of IGCEP, facilitate DISCOs in execution of security documents with generators and issuance of government guarantee to financially weak DISCOs against their payment obligations towards generators for procuring capacity and energy.



# Implementation of Hydro Power IPPs

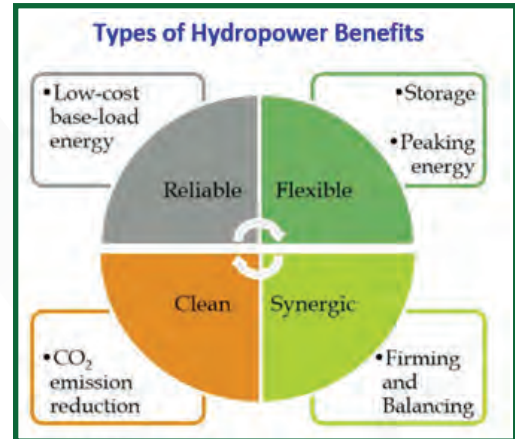
Hydropower is an important renewable energy resource; however, its development is accompanied with social issues. A sustainable hydropower project is possible, but needs proper planning and careful system design to manage the challenges. Well-planned hydropower projects can contribute to supply sustainable energy. An up-to-date knowledge is necessary for energy planners, investors and other stakeholders to make informed decisions concerning hydropower projects. The hydro potential is increasing globally, but due to global climate change, some countries will experience a decrease in potential with increased risks. Adaptation measures are required to sustainably generate hydropower.



Pakistan's dependence on RFO, RLNG, coal and natural gas in the overall energy-mix is on decline which may be attributed to depleting natural gas reserves and increasing prices of RLNG, RFO and imported coal. On the other hand, the share of hydro, wind, solar and nuclear has been planned to increase in recently developed IGCEP 2022-31. Hydropower is one of the more important renewable energy resources for generating electricity, decarbonizing the power system and improving system flexibility- specifically in the context of upcoming deployment of intermittent wind and solar resources in the national grid.

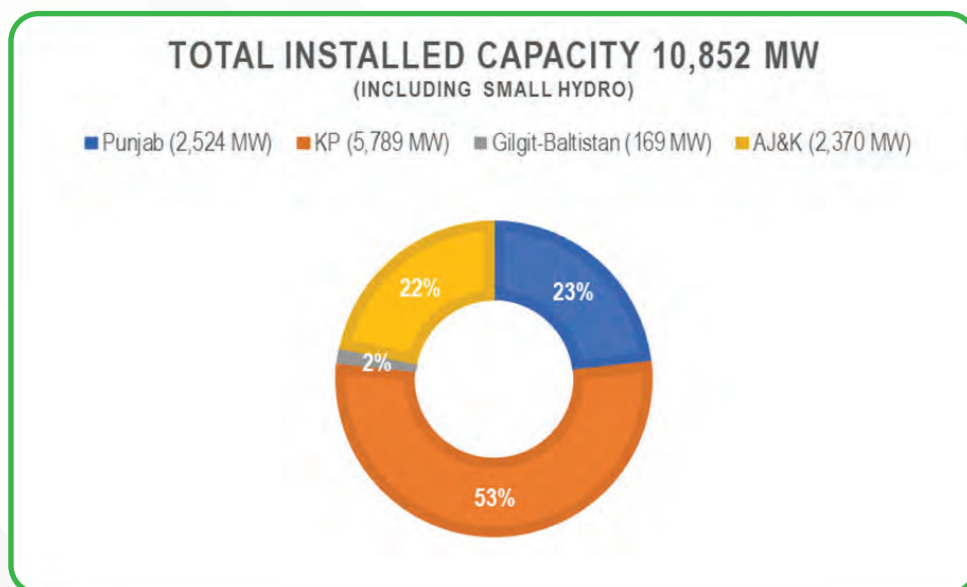
As the world's single largest source of renewable electricity with unique storage and flexibility services to support the integration of variable renewables, hydropower can play an integral role in the recovery effort and the clean energy transition. Looking ahead, hydropower is key to the energy plans of many countries including Pakistan to address energy poverty and increase access to reliable, affordable and cleaner electricity. Besides electricity, hydropower projects deliver a range of benefits to the society and the environment. Over and above electricity generation, power-related benefits include flexible generation and water storage, as well as reduced dependence on fossil fuels and avoidance

of pollutants. Situated in remote places, hydropower projects uplift these areas by promoting economic development, creating employment and improving livelihoods. Such projects can potentially unfold investment in transportation, education and health services, tourism and recreation, while boosting national macroeconomic growth and opportunities for trade. Communities benefit from safely managed water for homes, industry and agriculture, and a flood and drought mitigation. Thus, a hydropower project designed and built for power generation will often find other multiple uses over its lifetime. It is a globally established fact that hydropower projects are characterized with a variety of technical and economic constraints and bottlenecks; these include hydrological risks, resettlement, land acquisition and environmental issues, longer development and construction periods, seasonal reduction and variation in generation capacity and financing problems etc.



The hydropower resources in Pakistan are mainly located in the mountainous areas in northern region of the country. The hydropower resources in the south are scarce and mainly comprise of small to medium schemes on barrages and canal falls. Hydropower resources of Pakistan can be divided into following six regions:

- ▶ **Khyber Pakhtunkhwa**
- ▶ **Punjab**
- ▶ **Azad Jammu & Kashmir**
- ▶ **Gilgit –Baltistan**
- ▶ **Sindh**
- ▶ **Balochistan**





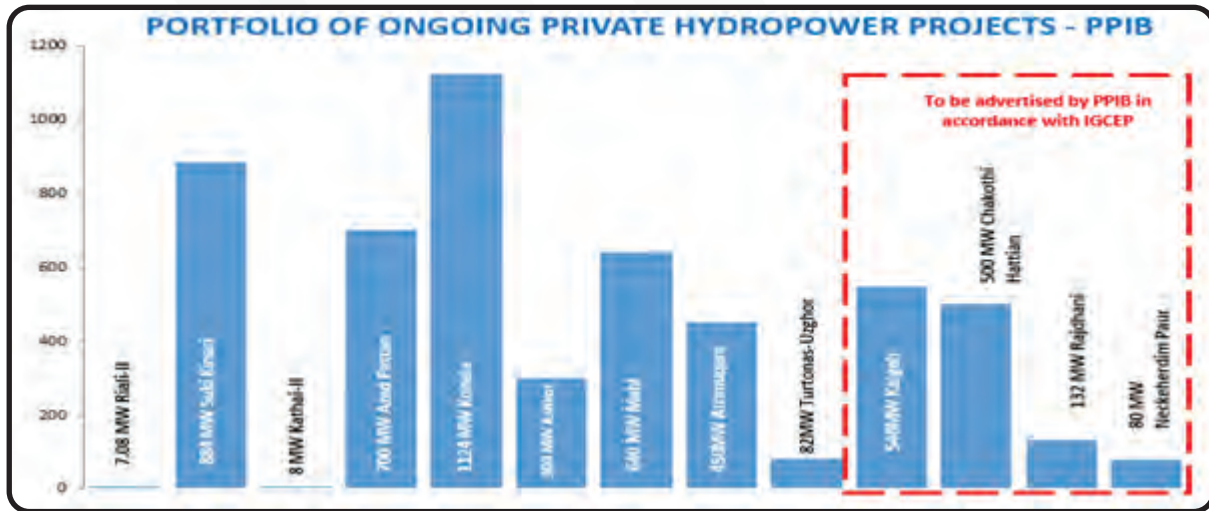
In Pakistan, so far 10,852 MW (including small hydropower projects) have been tapped out of an identified hydropower potential of 64,000 MW which is around 17 % of the total potential from which contribution of public sector is 9,799 MW (15.31%) while private sector share comes to 1,053 MW (1.65%).

PPIB being a key organization of the GoP for mobilization of private investment in power sector, is playing important role in tapping maximum potential through private sector. Since new projects on oil and other imported fuels for power generation are not being processed anymore, hydropower contribution in the national energy-mix would witness significant growth in future. Since four projects of 1053 MW have so far been commissioned by PPIB, several other projects have reached at advance stages of development which mainly include 884 MW Suki Kinari, 1124 MW Kohala and 700 MW Azad Pattan hydropower projects which are being expedited by PPIB for early commissioning. Overall, PPIB's portfolio of active hydropower projects comprises fourteen (14) projects of 6,175 MW.

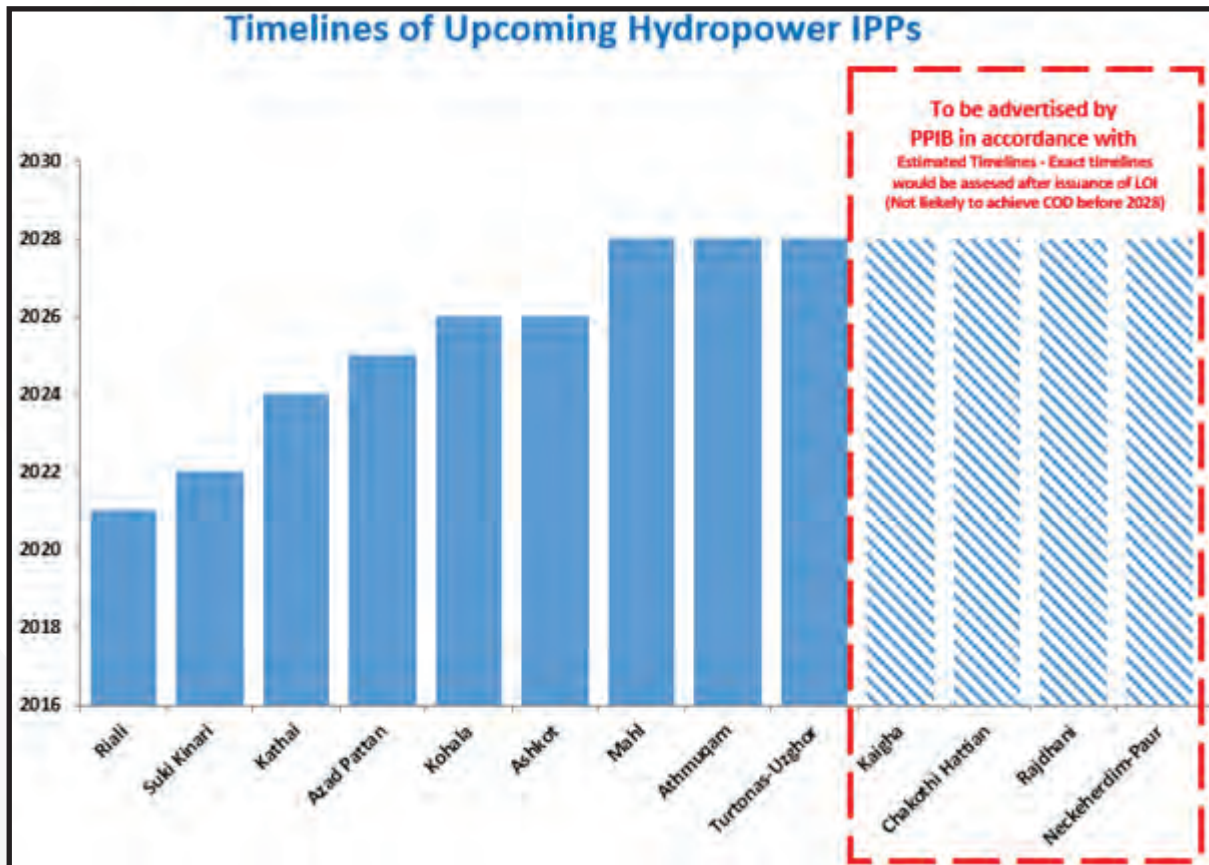
Some new hydropower projects are lined-up to be initiated or taken up by PPIB in accordance with the IGCEP which represents the second complete iteration of an integrated planning exercise for the power sector of the country and will be revised every year on the basis of ground realities including growth trajectory, consumption patterns and completion or delays in projects to ensure regulatory compliance.

Since medium to large size hydropower projects involve longer gestation periods as well as huge investments, therefore, in order to tap hydropower potential from small to medium size projects with lesser construction periods etc., PPIB has also started processing small hydropower projects having generation capacity of below 50 MW under the tri-partite LOS regime. Through this arrangement, a tri-partite LOS will be issued to the projects sponsors/companies and PPIB will facilitate them in establishing private power projects and related infrastructure through signing Implementation Agreement and issuing GoP Guarantee under the provisions of Power Generation Policy 2015. This initiative will attract and encourage potential investors in developing small to medium size hydropower power projects in the country.

The current portfolio of hydropower projects being processed by PPIB includes projects ranging from 82.25 MW to 1,124 MW of generation capacity which are located in Khyber Pakhtunkhwa, AJ&K and Punjab. Detail of current assignments of PPIB in the area of private hydropower generation is portrayed in the following image:



The ongoing hydropower projects are planned to be completed by 2030, however, the COVID-19 factor and economic situation may slightly impact on these timelines which may be determined after substantiating the impact of the crisis.



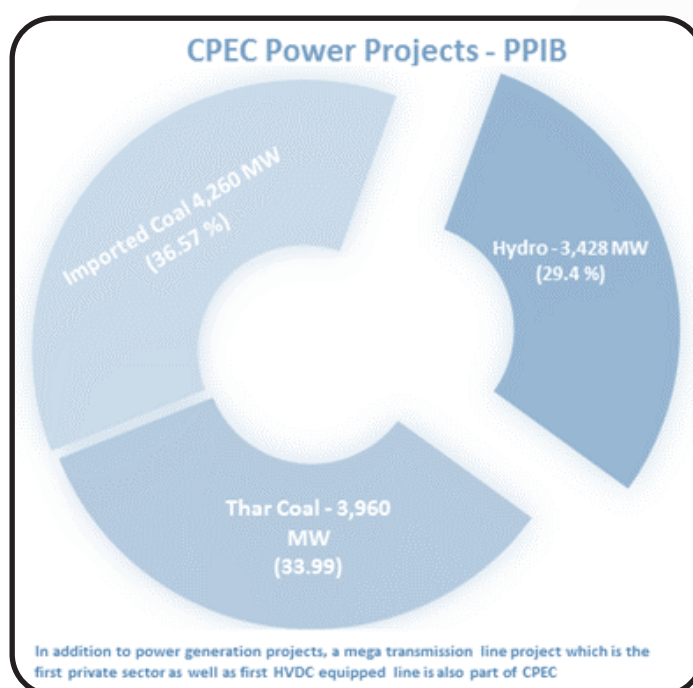


The active portfolio of hydropower projects also includes projects which are being processed by PPIB under the framework of CPEC. Overall four major hydropower projects of aggregate capacity of 3,428 MW are included in CPEC which are being handled by PPIB. Out of these (4) four projects, one project of 720 MW is in operation, one project of 884 MW is at advance stages of construction while remaining two projects of 1,824 MW are about to achieve financial close after which construction work on these projects will start. PPIB in collaboration with provincial and federal stakeholders, is proactively working to catch-up the COD timelines envisaged in the IGCEP

#### Upcoming Hydropower Projects under CPEC

Project Name	River & Location	Capacity (MW)	Investment US\$ (Million)	Current Status
<b>Suki Kinari</b>	Kunhar River, Mansehra, KP	884	1707.7	Under construction
<b>Kohala</b>	Jhelum River/ Kohala, AJ&K	1,124	2,408	Under financial closing
<b>Azad Pattan</b>	Jhelum River/ Sudhnoti, AJ&K	700.7	1,350	Under financial closing
<b>Total</b>		<b>2708.7</b>	<b>5465.7</b>	

The contribution of hydropower projects into CPEC energy chapter assigned to PPIB is 29%. The image below briefly illustrates the energy-mix committed under the CPEC framework:





**The current status of all four hydropower projects being processed by PPIB under CPEC framework is as follows:**

CPEC based Hydropower Projects under Process by PPIB				
Hydropower Projects	Pre-LOS stage	LOS Stage	Construction stage after FC	Commissioned
4 Projects	-	2 Projects	1 Project	1 Project
3,428 MW	-	1,824 MW	884 MW	720 MW

Due to prompt, efficient and expert facilitation, various hydropower IPPs have succeeded in accomplishing various milestones during the financial year 2022-23. PPIB vigilantly monitors the most critical post financial close phase of IPPs through soliciting monthly progress reports from IPPs and also through regular site visits.

The list of ongoing hydropower projects being implemented by PPIB is as follows while status of each of the IPP showing major activities / achievements is given on the succeeding pages:

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### ***Hydropower Projects being implemented by PPIB***

<b>S.No.</b>	<b>Project Name</b>	<b>Capacity (MW)</b>	<b>Status as on 30.06.2023</b>
1.	Suki Kinari	884	Under construction
2.	Riali-II	7.08	Under FC
3.	Kathai-II	8	Under FC
4.	Azad Pattan	700.7	Under FC
5.	Kohala	1124	Under FC
6.	Ashkot	300	Under evaluation*
7.	Mahl	640	Under LOI
8.	Athmuqam	450	Under LOI*
9.	Turtonas-Uzghor	82.25	Under LOI*
10.	Rajdhani	132	Feasibility study updating through AFD consultant
11.	Chakothe-Hattian	500	To be processed subject to inclusion in IGCEP
12.	Kaigah	548	
13.	Neckeherdim-Paur	80	
<b>Total (MW)</b>		<b>5456.03</b>	Further development is subject to inclusion in IGCEP committed/ optimized category



## Suki Kinari Hydropower Project

The 884 MW Suki Kinari HPP is located on river Kunhar, District Mansehra, Khyber Pakhtunkhwa. The Project is sponsored by China Gezhouba Group Company and M/s Haseeb Khan with the lending from Export-Import Bank of China and Industrial & Commercial Bank of China. Suki Kinari Hydropower project is ranked as the first and the largest hydropower project of the country which is also the first amongst fleet of CPEC hydro based projects which achieved Financial Closing and started construction activities. The Project brings considerable foreign investment from China and will inject about 3,129 Million clean, reliable and affordable units of electricity annually into the national grid.





### Salient features of project are as follows:

Project Company:	SK Hydro (Pvt.) Limited
Sponsors:	China Gezhouba Group Co., and M/s Haseeb Khan (Pvt) Ltd., Lahore.
Location:	Kunhar River (a tributary of river Jhelum), District Mansehra, Khyber Pakhtunkhwa
Capacity:	884 MW
Energy:	3129 GWh
Project Cost:	US\$ 1707.7 million
EPC Tariff:	USC. 8.8145/kWh
Applicable Policy	Policy for Power Generation Projects 2002

### Key milestones achieved:

Issuance of LOS::	19.07.2011
FC Date:	31.12.2016
River Closure:	30.09.2019

### Current Status:

Construction activities at site are going at full pace. The construction period of the Project is six years. So far, 92.1 % construction work has been completed.



## Kohala Hydropower Project

The 1124 MW Run-of-the-River Kohala Hydro Power Project under the CPEC is the largest foreign direct investment IPP of the country and also of AJ&K. Located in the north-east region of the country, the project is planned to be built in the Azad Jammu and Kashmir, on River Jhelum that flows into Azad Jammu and Kashmir. Weir/Dam site is located in village Siran (near Hattian, District Jhelum valley) while Power House is in village Barsala (near Kohala Bridge, District Muzaffarabad). 1,124 MW Kohala Hydropower Project is being developed by Kohala Hydropower Company Private Limited with China Three Gorges Corporation, IFC and Silk Road Fund as sponsors of the Project while China Development Bank and Habib Bank Limited are the Lenders of this project.





### Salient features of project are as follows:

Project Company:	Kohala Hydro Company (Private) Limited
Sponsors:	China Three Gorges South Asia Investment Limited (CSAIL)- China Three Gorges Corporation
Location:	Jhelum River, Dam/Weir near Siran & Power House near Barsala/Kohala
Capacity:	1124 MW
Energy:	5149 GWh
Project Cost:	US\$ 2408 million
Tariff:	USC 7.8519/kWh
Applicable Policy	Policy for Power Generation Projects 2002

### Key milestones achieved

Issuance of LOS:	31.12.2015
Environmental NOC:	22.12.2016
Approval of Gird interconnection Study:	03.03.2017
EPC Stage Tariff Determination:	11.10.2018
Execution of GoPIA	25.06.2020
Execution of TPPA:	25.06.2020
Execution of AJ&K IA:	23.04.2021
Execution of AJ&K WUA:	23.04.2021
Execution of TPPA Schedules:	29.06.2021

### Major Activities Planned for Next Fiscal Year:

- Clearance of Sinosure
- Completion of Land Acquisition Process
- Execution of Financing and Insurance Documents
- Execution of Direct Agreements to the GOPIA, TPPA, AJ&KIA, AJ&KWUA
- Approval of Term Sheet
- Financial Closing

### Current Status:

For declaration of Financial Closing by PPIB, the project is striving for achievement of various critical milestones as outlined above. However, this project is facing delays due to various factors which mainly include reluctance of Sinosure and delay in land acquisition. Kohala hydropower project is set to be commissioned by March 2031.



## Azad-Pattan Hydropower Project

700 MW Azad-Pattan Hydropower Project is a run of the river hydropower project located on River Jhelum on dual boundary of AJ&K and Punjab having capability to add clean, reliable and affordable 3.265 Billion units of electricity per year to the national grid. The Project is located close to the load center and will be connected to the national grid through 500 kV transmission line. The Project included in CPEC Program, is being developed by PPIB under the Policy for Power Generation Projects 2002 on Build-Own-Operate-Transfer (BOOT) basis.





### Salient features of project are as follows:

Project Company:	Azad-Pattan Power Private Limited
Sponsors:	M/s Power Universal Investment Company Ltd, China Gezhouba Group Company (CGGC Overseas & CGGC Engineering), Laraib Energy Limited Pakistan
Location:	River Jhelum, District Sudhnoti, Azad Jammu & Kashmir
Capacity:	700.7 MW
Energy:	3266 GWh
Project Cost:	US\$ 1350 million
Tariff:	USC. 7.52/kWh
Applicable Policy	Policy for Power Generation Projects 2002

### Key milestones achieved

Issuance of LOS:	30.06.2016
Approval of Gird interconnection Study:	10.11.2017
Environmental NOC (Punjab):	19.03.2018
Environmental NOC (AJ&K):	28.03.2018
EPC Stage Tariff Determination:	11.11.2018
Execution of TPPA:	25.06.2020
Execution of GOP IA:	06.07.2020
Execution of Punjab WUA:	06.07.2020
Execution of AJ&K IA:	01.12.2020
Execution of AJ&K WUA:	01.12.2020
Execution of TPPA Schedules:	29.06.2021

### Major Activities Planned for Next Fiscal Year:

- Clearance of Sinasure
- Completion of Land Acquisition Process
- Execution of Financing and Insurance Documents
- Execution of Direct Agreements to the GOPIA, TPPA, AJ&KIA, WUAs
- Approval of Term Sheets
- Financial Closing

### Current Status:

For declaration of Financial Closing by PPIB, the project is striving for achievement of various important milestones as outlined above. Delay in land acquisition and Reluctance of Sinasure are major factors which is affecting the progress. Azad Pattan project is set to be commissioned by September 2030.



## Mahl Hydropower Project

The 640 MW Mahl Hydropower Project is located at about 5 km upstream of the confluence of Mahl Nullah and Jhelum River. Jhelum River forms the boundary between the provinces of Punjab, Khyber Pakhtunkhwa, and Azad Jammu & Kashmir. The Project is located within both these provinces as well as AJ&K. Under the Policy for Power Generation Projects 2002, the Mahl Project is being sponsored by the investment arms of China Three Gorges Corporation including China Three Gorges South Asia Investment Limited (CSAIL), who are the main sponsors, and China Three Gorges International Corporation (CTGI).





### Salient features of project are as follows:

Project Company:	Mahl Hydropower Company Private Limited
Sponsors:	China Three Gorges South Asia Investment Limited, China Three Gorges International (subsidiaries of China Three Gorges Corp), and & Trans Tech Pakistan
Location:	River Jhelum on tri-boundary of AJ&K, Punjab and KP
Capacity:	640 MW
Energy:	2676 GWh
Project Cost:	US\$ 993 million
Tariff:	USC. 5.58/kWh
Applicable Policy	Policy for Power Generation Projects 2002

### Key milestones achieved

Issuance of LOI:	21.10.2014
Approval of Feasibility Study:	24.01.2017
Approval of Grid interconnection Study:	29.12.2017
Feasibility Stage Tariff Determination	30.10.2019
Environmental NOC (KPK):	09.08.2019
Environmental NOC (Punjab):	12.2022

### Major Activities Planned for Next Fiscal Year:

- Environmental Approval from GoAJ&K

### Current Status:

IGCEP 2022-31 has set the completion by July 2030.



## 450 MW Athmuqam Hydropower Project

The 450 MW raw site Athmuqam Hydropower Project is identified to be located on river Neelum (in the river stretch from Ashkot up to Dudhnial), AJ&K, in accordance with the provisions of Policy for Power Generation Projects 2015. A consortium of Korean investors comprising Korea Hydro & Nuclear Power Co, Limited (KHNP), DAELIM Industrial Co, Limited (DAELIM) and LOTTE Engineering & Construction Co, Limited (LOTTE) is collectively sponsoring this project. PPIB issued Letter of Interest to Sponsors on 30th March 2017 for preparation of bankable feasibility study, obtaining feasibility stage tariff determination and Letter of Support.





### Salient features of project are as follows:

Sponsors:	KHNP, DAELIM and LOTTE, Korea
Location:	River Neelum, District Neelum, Azad Jammu & Kashmir
Capacity:	450 MW
Energy:	1982 GWh
Project Cost:	US\$ 1300 million (F.S level)
Applicable Policy	Power Generation Policy 2015

### Key milestones achieved

Issuance of LOI:	30.03.2017
Approval of Feasibility Study:	03.09.2017
Submission of Feasibility Stage Tariff proposal	30.10.2019

### Major Activities Planned for Next Fiscal Year

Processing of Feasibility Stage-1 Tariff Proposal by CPPAG (subject to inclusion as optimized project in IGCEP approved by NEPRA).

### Current Status:

IGCEP 2021-30 and IGCEP 2022-31 did not include/optimize the project therefore further development process is dependent on inclusion in next iteration of IGCEP.



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## Turtonas-Uzghor Hydropower Project

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The proposed Turtonas-Uzghor hydropower project is a Raw Site run of river scheme identified to be located on River Golen Gol which is a left bank tributary of Mastuj River. It joins with Mastuj River about 22 km north-east of Chitral Town, KP. The identified weir site on Golen Gol is approx. 11 km upstream of Golen Gol. The power house site is proposed on right bank of Golen Gol River near Uzghor Village.





### Salient features of project are as follows:

Sponsors:	Sinohydro-Sachal Consortium
Location:	Golen Gol River, Chitral Valley KP
Capacity:	82.25 MW
Applicable Policy	Power Generation Policy 2015

### Key milestones achieved

Issuance of LOI:	20.03.2017
Approval of Feasibility Study:	03.06.2019
Issuance of NOC by IRSA:	01.07.2020
Generation License issued:	31.12.2020
Feasibility Stage Tariff Determination:	19.04.2021
Review Petition against the tariff filed by sponsors:	29.04.2021

### Current Status:

NEPRA conducted a hearing on the review petition on 14th July 2021. The Authority gave its decision that the project was not optimized in approved IGCEP 2021-30 (dated 24th September 2021) which means CPPA-G would not be able to procure power from the project, therefore, there may not be a need to regulate that tariff for the project and the Authority withdrew the earlier tariff determination dated 19th April 2021. It was also suggested by NEPRA that as the project was not optimized in the then IGCEP iteration, the Sponsors may consider setting up a power plant to sell electricity either under a bilateral contract or through a merchant plant in CTBCM. Meanwhile, the Sponsors, while following the current energy dynamics and futuristic approach in the power sector from a single buyer to multiple buyers and open access shift whereas the power purchaser can be another entity instead of CPPA-G, initiated the negotiation with K-Electric Limited (KE) for procurement of the power. The project has been included in latest iteration of IGCEP 2022-31 (approved by NEPRA), as optimized project for KE and Sponsors of the project are in the process to develop a framework for further approval.



## Riali – II Small Hydropower Project

Riali-II Hydropower is proposed on the Ghoriwala Katha Stream, a right bank tributary of Neelum River with its confluence with Neelum River about 15 kms upstream of Muzaffarabad near Ghorri Bazar. The project is proposed in the lower reach of Ghoriwala Katha with intake near village Bagh and Powerhouse near village Ghorri 400 meters upstream of the confluence of Ghoriwala Katha with Neelum River. Riali-II Hydro Power Company (Private) Limited (RHPCO) is a project venture of the Sachal Group. The company is a special purpose vehicle (SPV) to set up a 7.08 MW Run-of-the-River Hydropower Project (HPP) near Muzaffarabad (the Project). The Project is being implemented on BOOT (Build, Own, Operate and Transfer) basis under Power Generation Policy 2015 with a concession period of thirty years after the construction period of three years. The company has already commenced the civil works at the project site and achieved substantial progress.





### Salient features of project are as follows:

Sponsors:	Sachal Engineering Works (Pvt.) Ltd, Pakistan
Location:	Ghori Wala Katha, Muzaffarabad, Azad Jammu & Kashmir
Capacity:	7.08 MW
Annual Energy:	37.740 GWh (as per NEPRA approval)
Tariff:	6.7 cents/kWh or 8.1811 Rs./kWh
Applicable Policy:	Power Generation Policy 2015

### Key milestones achieved

Issuance of LOI by AJ&K Government:	26th April 2004
Environmental NOC issued:	25th February 2015
Feasibility Study Approval:	9th November 2016
EPC Stage tariff Determined by NEPRA:	20th November 2018
Issuance of LOS (Tripartite LOS) by PPIB:	16th October 2019
Amendment No.1 to TLOS:	7th September 2021
Amendment No.2 to TLOS:	29th December 2022
LOS Performance Guarantee Validity:	28th September 2023

### Current Status:

The Letter of Support (Tripartite LOS) was issued to Project under 2015 Power Generation Policy by PPIB while, 3rd extension in LOS is under process. The Project Company is waiting for the approval of Standard drafts of Project Agreements i.e. GOP IA, GOAJ&K IA and GOAJ&K WUA for further processing of the project which are at approval stage with MoE (Power Division).



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## **Kathai – II Small Hydropower Project**

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Kathai-II Hydropower Project is to be located on Upstream of the existing Kathai-I Hydropower Station on Kathai Nullah, District Hattain, Azad Jammu & Kashmir. Kathai-II Hydro (Pvt) Limited is a SPV under project venture of M/s JDW Sugar Mills Ltd, to set up an 8.0 MW Run-of-the-River Hydropower Project (HPP) in District Hattian, AJ&K. This project will also be implemented on BOOT (Build, Own, Operate and Transfer) basis under Power Generation Policy 2015 with a concession period of thirty years after construction period of three years.





### Salient features of project are as follows:

Sponsors:	M/s JDW Sugar Mills Ltd, Pakistan
Location:	Upstream of existing Kathai-I Hydropower Station on Kathai Nullah, District Hattain, Azad Jammu & Kashmir Ghori Wala Katha, Muzaffarabad, Azad Jammu & Kashmir
Capacity:	8.0 MW
Annual Energy:	43.180 GWh (as per NEPRA approval)
Tariff:	6.68 cents/kWh or 8.0868 Rs./kWh
Applicable Policy:	Power Generation Policy 2015

### Key milestones achieved

Issuance of LOI by GoAJ&K:	06.06.2012
Approval of Feasibility Study:	09.11.2016
EPC Stage tariff Determined by NEPRA:	22.11.2018
Approval of PPIB Board for issuance of LOS:	06.05.2019
Issuance of LOS (Tripartite LOS) by PPIB:	20.11.2019
Amendment No.1 to TLOS (Extension in LOS):	18th June 2021
Amendment No.2 to TLOS (Extension in LOS):	In progress

### Major Activities Planned for Next Fiscal Year:

- Execution of Security Agreements
- Acquisition of Land
- Approval of Term Sheet and Execution of Financing

### Current Status:

Letter of Support (Tripartite LOS) was issued under Power Generation Policy 2015 by PPIB. The Project Company is waiting for the approval of Standard drafts of Project Agreements i.e. GOP IA, GOAJ&K IA, and GOAJ&K WUA for further processing of the project which is at the approval stage with MoE (Power Division).



## Ashkot Hydropower Project

The Ashkot Hydropower Project is identified as a raw site on the Neelum River near the village of Ashkot, some 75 km from Muzaffarabad capital of AJ&K. The Project is owned by a SPV Ashkot Energy (Pvt) Limited and is being developed by the Laraib Group, the developer of the first hydro IPP of Pakistan i.e. 84 MW New Bong Escape Hydropower Project and the 700 MW Azad Pattan Hydro IPP. Earlier the Project of 40 MW power generation capacity was initiated by the GoAJ&K. Later on, during the conduct of feasibility study, the capacity of the Project was optimized to 300 MW. It is worth mentioning that under the legal regime in AJ&K, the projects above 50 MW have been processed by PPIB in the capacity of Agent of the AJ&K Council. Therefore, the GoAJ&K requested for transfer of the Project to PPIB in the backdrop of optimized capacity. The Board of PPIB allowed PPIB to process the Project under the Policy for Power Generation Projects 2002. The Board further allowed PPIB to evaluate the technical and financial credentials of the Project Company/Sponsors for its consideration prior to issuance of Letter of Interest. Accordingly, the process for evaluating technical and financial credentials of sponsors through independent consultant has been initiated.

The Ashkot Hydropower Project is on hold due to delay in its inclusion in the NEPRA's approved IGCEP. Once project is included in IGCEP, the PPIB would be able to further process this project. The Project entails Foreign Direct Investment of around US\$ 600 Million with the capacity of generating energy up to approximately 1263 GWh per annum.





# Implementation of Coal Based IPPs

As GoP is encouraging indigenous resources for power generation; hence, PPIB remained focussed on boosting the indigenous fuel resources and increasing the share of power generation through utilization of local coal, while ensuring reliable and affordable generation of electricity. Thar coal, the abundant and untapped indigenous natural resource has become the priority choice for power generation purposes.

In the recent past, limited by options and urgency of the stringent task to overcome electricity shortages, short term option of establishing power plants based on imported coal with possibility of blending Thar coal upon its commercial availability was considered viable. Nevertheless, later on, GoP called for promoting Thar coal-based power plants fixated in medium to long term plans.

Undoubtedly, imported coal plants have proved useful in bringing in the required technology in the country, thus working as a catalyst to develop local coal-based projects. Furthermore, they have improved the local capacity to manage Thar coal supply chain and its utilization for power generation. The imported coal plants utilize super critical technology with state-of-the-art intervention systems. This shall ensure mitigation of hazardous coal emissions like NOX and SOX while adhering to strict criterion set by World Bank and achieving values much below the national environmental quality standards.

PPIB being the lead organization for development of private sector power projects is now overseeing ten (10) coal-based power projects in the private sector with a total capacity of 8,880 MW. Nine (9) coal-based power projects having capacity of 8,220 MW are in the list of Priority Projects of CPEC.

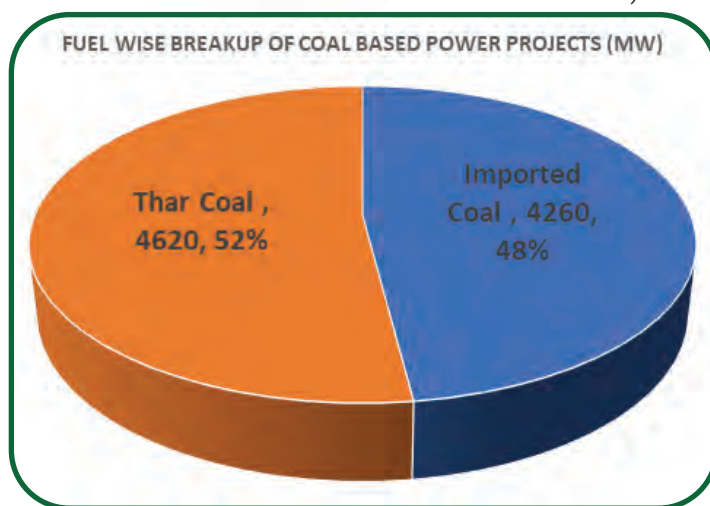


**Brief details of coal-based power projects are as follows:**

S. No.	Project Name	Capacity (MW)	Location	Brief Status
<b>Imported Coal Power Projects</b>				
1.	Port Qasim Coal Project	1,320	Port Qasim, Karachi, Sindh	Commissioned
2.	Sahiwal Coal Power Project	1,320	Qadarabad, Sahiwal	Commissioned
3.	HUBCO Coal based Power	1,320	Hub, Balochistan	Commissioned
4.	Gwadar Coal based Power	300	Gwadar, Balochistan	FC in progress
<b>Total Imported Coal</b>		<b>4,260</b>		
<b>Local Coal Power Projects</b>				
5.	Engro Thar Coal Power Project	660	Thar Block - II, Sindh	Commissioned
6.	ThalNova Coal based Power	330	Thar Block-II Sindh	Commissioned
7.	Hubco Thar coal Power Project	330	Thar Block-II Sindh	Commissioned
8.	Shanghai Electric Coal Power	1320	Thar Block - I, Sindh	Commissioned
9.	Lucky Electric Coal Power	660	Port Qasim, Karachi	Commissioned
10.	Oracle Coal Power Project	1320	Thar Block-VI, Sindh	Proposal under evaluation
<b>Total Imported Coal</b>		<b>4,620</b>		
<b>Local Coal Power Projects</b>		<b>8,880</b>		



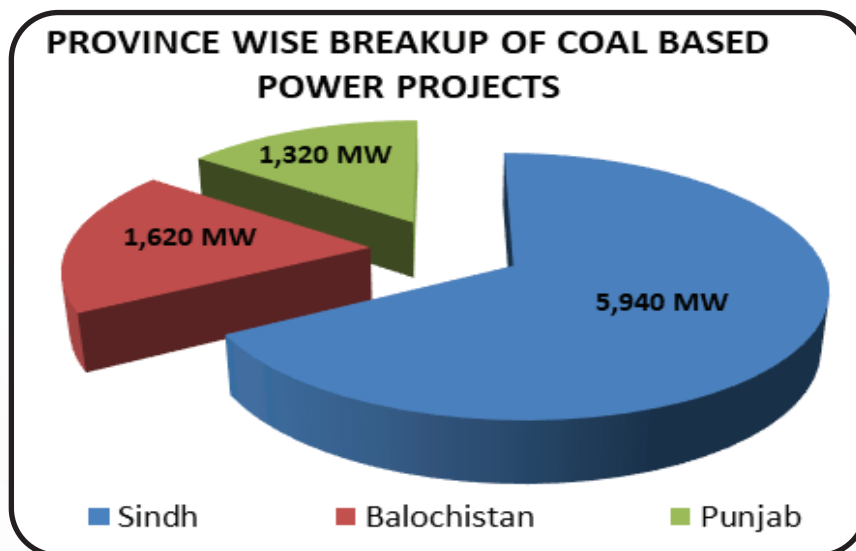
With exhaustive and enthusiastic endeavours of PPIB and help of all stakeholders beginning from the Power Division, federal & provincial entities and CPEC Secretariat, Seven (7) coal-based power projects in private sector (1320 MW Sahiwal power project ,Punjab, 1320 MW at Port Qasim Karachi,Sindh, 1320 MW power project at Hub, Balochistan, 660 MW Thar coal project at Block-II Sindh, 1320 MW Thar Coal Block-1 Power Generation Power Company Limited, 330 MW Thar Energy Limited and 330 MW ThalNova Thar Private Limited) under the CPEC regime have accomplished commercial operations and are providing reliable and affordable electric power to the national grid. These Seven (07) projects with a cumulative capacity 6,600 MW have been commissioned as IPPs under CPEC regime. Currently, the share of coal power generation has increased to 17.2% in total installed capacity, which was negligible a few years ago.



During the year 2022-23, Three (03) more projects, with a cumulative capacity of 1980 MW were commissioned which are located at Thar Block I and II, Sindh and shall operate on cheap lignite coal from Thar, whereas another project of 1320 MW by M/s Oracle at Thar Block-VI, is under process. Nevertheless, PPIB is actively working to improve the share of indigenous coal-based electricity in the overall energy mix of the country. Through PPIB's efforts in recent years, a long-awaited dream of exploiting local Thar coal is being realized by planning efficient coal power plants based on Thar coal and are supplying reliable power to the national grid since 2019.



In addition to setting up coal power generation and mining projects, corporate social responsibility (CSR) is also being given due importance by all project sponsors by developing social sector in Thar area. These sponsors are coordinating with various NGOs, UN offices, private organizations and government departments for carrying out various CSR activities in Thar area which include education, health, livelihoods, water supply and skill. The lives of Thar locals are on course to improvement by the efforts of both public and private sector entities in addition to boosting country's economy by tapping world's seventh largest coal reserves (175 Billion tons of Lignite coal at Thar) for power generation.



During FY 2021-22, total 25,906 GWh electricity has been generated using coal as compared to 27,549 GWh during FY 2020-21 showing a decrease of 1,643 GWh. The share of coal-based electricity generation in total thermal generation during FY 2021-22 remained 27.91% while share of the same during FY 2020-21 and FY 2019-20 was 31.14% and 32.2% respectively.

***A brief account of all coal projects (commissioned and under process) is as follows:***



## 1320 MW Port Qasim Imported Coal Power Projects by Port Qasim Electric Power Company

This landmark project under CPEC's Prioritized Projects category, is the first coal based IPP in Pakistan to achieve Financial Closing. The project achieved its Commercial Operations Date (COD) in April 2018, two months ahead of the schedule. For import of coal, the project company has constructed a dedicated, self-use jetty. This facility includes coal-unloading Jetty, approach bridge, and associated auxiliary facilities. The facility may also be used for other purposes in the future. Currently, coal is being imported from South Africa and Indonesia.



**Salient features:**

• <b>Project Company:</b>	Port Qasim Electric Power Co. (Pvt). Ltd
• <b>Sponsors:</b>	Sinohydro Resources Limited, China, Al Mirqab Capital, Qatar
• <b>Location:</b>	Port Qasim, Karachi
• <b>Capacity:</b>	1320 MW
• <b>Project Cost:</b>	US\$ 1.912 billion
• <b>Levelized Tariff:</b>	8.1176 Rs./KWh
• <b>Applicable Policy</b>	Power Generation Policy 2015

**Key milestones:**

• <b>Issuance of LOI:</b>	21.05.2014
• <b>Issuance of LOS:</b>	17.04.2015
• <b>FC Date:</b>	22.12.2015
• <b>Commissioning Date:</b>	25.04.2018

**Current Status:**

The plant is fully functional and supplying reliable power to the national grid while maintaining strict compliance with the national and international environmental standards



## 1320 MW Imported Coal based Power Project at Sahiwal by M/s. Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited

This is also a major coal power project in the list of 'Prioritized Projects' under China-Pakistan Economic Corridor. The project was initiated by Government of Punjab to cater for the load requirements in areas of Central Punjab; however, the project was later processed through joint issuance of Tripartite Letter of Support by Private Power and Infrastructure Board and PPDB, as per Power Policy 2015. The project is supplying electricity to national grid since **July 2018**.

For the purpose of coal unloading, berths have been constructed at Marginal Wharf 3 & 4 at Port Qasim, Karachi. This facility is being used for coal handling of the subject project, which is transferred to project site through special railway track arrangements. This project not only eliminated power shortages in surrounding areas but has also resulted in substantial revenue generation for Pakistan Railways



**Salient features:**

• <b>Project Company:</b>	Huaneng Shandong Ruyi (Pak) Energy (Pvt) Ltd
• <b>Sponsors:</b>	Huaneng Shandong Power Generation Company Limited Shandong Ruyi Science & Technology Group Company Limited
• <b>Location:</b>	Sahiwal, Punjab
• <b>Capacity:</b>	1320 MW
• <b>Project Cost:</b>	US\$ 1.912 billion
• <b>Levelized Tariff:</b>	8.1176 Rs./KWh
• <b>Applicable Policy</b>	Power Generation Policy 2015

**Key milestones achieved**

• <b>Issuance of LOI:</b>	21.05.2014
• <b>Issuance of LOS:</b>	17.04.2015
• <b>FC Date:</b>	23.01.2017
• <b>Commissioning Date:</b>	28.10.2017

**Current Status:**

The project is supplying electricity to the national grid since July 2018, and is complying with all international and national environmental standards. Being located in the load center of central Punjab, the Project is feeding the national grid by meeting load requirements of central Punjab with minimum line losses.



## Imported Coal based Power Project at Hub Balochistan by M/s Hub Power Company Limited

This 1320 MW imported coal based power project at Hub Balochistan is amongst the list of 'Priority Projects' under China-Pakistan Economic Corridor. HUBCO, the main sponsors along with China Power International have planned this project near the existing site of 1292 MW HUBCO oil fired power plant. This plant is unique in its nature as it introduced Coal Trans-shipment (CTS) scheme first time in Pakistan wherein capsizes (mother-ships) are unloaded in deep sea and coal shifted through barges and trestle jetty conveyer belts to the Complex.



**Salient features:**

• <b>Project Company:</b>	China Power Hub Generation Company (Private) Limited
• <b>Sponsors:</b>	Hub Power Company Limited, China Power International Holding
• <b>Location:</b>	Hub, Baluchistan
• <b>Capacity:</b>	1,320 MW
• <b>Project Cost:</b>	US\$ 1,912.2 million
• <b>Tariff:</b>	Rs. 8.1176/KWh
• <b>Applicable Policy</b>	Power generation Policy 2015

**Key milestones:**

• <b>Issuance of LOI:</b>	29.06.2015
• <b>Issuance of LOS:</b>	12.04.2016
• <b>Signing date of PPA:</b>	25.01.2017
• <b>Signing date of IA:</b>	25.01.2017
• <b>FC Date:</b>	07.12.2017
• <b>COD:</b>	17.08.2019

**Current Status:**

The 1320 MW imported Coal Power Project has achieved its Commercial Operations Date on 17th August 2019. For import of coal, the project company has constructed a dedicated, self-use jetty. This facility includes coal-unloading Jetty, approach bridge, and associated auxiliary facilities which may also be used for other purposes in the future.



## 300 MW Imported Coal based Power Project at Gwadar Balochistan by M/s China Communication Construction Company Limited

300 MW imported coal-based power project at Gwadar is a part of CPEC's initiative for development and uplifting of coastal areas of Balochistan especially Makran and Gwadar districts. This is an important project due to its strategic location and for future development of Gwadar Port and special economic zone. The project is being developed by the sponsor China Communication Construction Group (CCCC) through its wholly owned subsidiary CCCC Industrial Investment Holding Company Limited (CIHC), which is also the developer of Gwadar Port.



**Salient features:**

• Project Company:	CIHC Pak Power Co. Ltd
• Sponsors:	China Communications Construction Group Ltd
• Location:	Gwadar, Balochistan
• Capacity:	300 MW
• Fuel:	Imported Coal
• Project Cost:	US\$ 400 million
• Tariff:	Rs. 8.1227/KWh
• Applicable Policy	Power Generation Policy 2015

**Key milestones achieved:**

• Issuance of LOI:	26.05.2017
• Issuance of LOS:	23.08.2019
• Signing of IA:	08.04.2021
• Signing of PPA:	08.04.2021

**Current Status:**

The Project is facing delays in project financing and Financial Closing due to Sinasure's reluctance to insure the Project. PPIB is coordinating with all concerned stakeholders and project sponsors for settlement of all pending issues as soon as possible. In this regard, PPIB Board has extended the Financial Closing date of the Project to 31st December 2023, while Minister for Planning, Development and Reforms in various meetings in January 2023 has decided that the project shall achieve its commercial operations by 31st December 2025 at its existing location at Gwadar and on imported coal. Sponsors are making best efforts to complete the project by December 2025.



## Thar Coal based Power Project at Thar Block-II by M/s Engro Powergen Limited

Engro Powergen Thar Private Limited (EPTL) was formed in 2014 to set up a 2 x 330 MW power project in Thar Block II, Sindh, Pakistan. The company is a joint venture between Engro Powergen Ltd (EPL), China Machinery Engineering Corporation (CMEC), Habib Bank Ltd (HBL), and Liberty Mills Limited. Engro Power project is a pioneering project in generating electricity using indigenous lignite coal from the Tharparkar district and is amongst five (5) Thar coal-based power generation projects included in the CPEC.



**Salient features:**

• <b>Project Company:</b>	Engro Powergen Thar Limited
• <b>Sponsors:</b>	Engro Powergen Limited, EPL, HBL, CMEC
• <b>Location:</b>	Thar Block-II, Sindh
• <b>Capacity:</b>	660 MW
• <b>Project Cost:</b>	US\$ 995.4 million
• <b>Tariff:</b>	Rs. 8.2550/KWh
• <b>Applicable Policy</b>	Power Generation Policy 2015

**Key milestones:**

• <b>Issuance of LOI:</b>	20.11.2014
• <b>Issuance of LOS:</b>	17.04.2015
• <b>FC Date:</b>	04.04.2016
• <b>Commissioning Date:</b>	10.07.2019

**Current Status:**

After achieving COD on 10th July 2019, this project is now connected with the national grid and supplying cheap and reliable power to the Country. It is presently amongst top 5 in NTDC's merit order list.



## Thar Coal based Power Project at Thar Block-II by M/s Thar Energy Limited

Hub Power Company Limited (HUBCO) having its well-known track record for developing various IPPs in Pakistan. By investing in this 330 MW mine mouth lignite coal power project at Thar Block II, HUBCO is increasing its share in power generation. Other sponsors include, Fauji Fertilizer Limited and China Machinery and Engineering Corporation. The total cost of the Project is US\$ 497 million while China Development Bank and Habib Bank Limited are the lead lenders. This important project is included in Priority projects of CPEC -is connected through +660 kV Matiari-Lahore HVDC Transmission line.



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**Salient features:**

• <b>Project Company:</b>	Thar Energy Limited
• <b>Sponsors:</b>	Hub Power Company Limited
• <b>Location:</b>	Thar Block-II, Sindh
• <b>Capacity:</b>	330 MW
• <b>Project Cost:</b>	US\$ 497.7 million
• <b>Tariff:</b>	Rs. 8.2550/KWh
• <b>Applicable Policy</b>	Power Generation Policy 2015

**Key milestones:**

• <b>Issuance of LOI:</b>	02.08.2016
• <b>Issuance of LOS:</b>	09.12.2016
• <b>FC Date:</b>	30.01.2020
• <b>Commissioning Date:</b>	01.10.2022

**Current Status:**

The project achieved its commercial operations on 01st October 2022. The project utilizes the cheapest fuel (Thar coal) and presently in top 5 of NPCC's merit order list.



## Thar Coal based Power Project at Thar Block-II by M/s ThalNova Private Limited

ThalNova Power Thar Private Limited Company (consortium of three renowned companies of Pakistan) with technical support of Chinese companies has developed a 330 MW Thar Coal based Power Project at Thar Block-II Sindh. This project being the priority project of CPEC is another step forward towards development of Thar coal based power projects. SECMC being the mine developer of Thar Block-II is coal supplier for this project. Power is being evacuated through 500KV Thar Matiari transmission line and 660 kV Matiari-Lahore HVDC Transmission is connected with this project for supply of power to upcountry.



**Salient features:**

• Project Company:	Thal Nova Power Thar (Pvt.) Limited
• Sponsors:	Thal Power Private Limited, Novatex Limited & Descon
• Location:	Thar Block-II, Sindh
• Capacity:	330 MW
• Project Cost:	US\$ 497.7 million
• Tariff:	Rs. 8.2550/KWh
• Applicable Policy	Power Generation Policy 2015

**Key milestones:**

Issuance of LOI:	02.08.2016
Issuance of LOS:	08.12.2016
Financial Closing:	30.09.2020
Commissioning Date:	17.02.2023

**Current Status:**

The project achieved its Commercial Operations on 17th February 2023. The Project utilizes cheapest fuel (Thar Coal) and is presently amongst top 5th in NPCC's merit order list.



## 1320 MW Thar Coal based Power Project at Thar Block-I by M/s Shanghai Electric Group

This project is based on coal from Thar Coalfields Block-I. M/s Shanghai Electric Group has rich experience in the field of power generation. After forming an SPV namely Thar Coal Block-I Power Generation Co. Ltd.(TCB-1), the sponsors have completed commissioning of 1320 MW Project before Financial Closing. Sino Sindh Recourses Limited (SSRL) being a mine developer is the coal supplier for the project, which is supplying 7.8 MPTA of coal from Thar Block-I. This project is also included in the Priority List of CPEC projects. The project amongst others is also connected to the national grid through  $\pm 600$  kV Matiari-Lahore HVDC Transmission line and Matiari Thar transmission line. This is the 1st Thar based power project designed on Super Critical Technology.



**Salient features:**

• <b>Project Company:</b>	Thar Coal Block-I Power Generation Co. Ltd.
• <b>Sponsors:</b>	Shanghai Electric (Group) Corporation
• <b>Location:</b>	Thar Block-I, Sindh
• <b>Capacity:</b>	1,320 MW
• <b>Project Cost:</b>	US\$ 1,912.2 million
• <b>Tariff:</b>	Rs. 8.0924/KWh
• <b>Applicable Policy</b>	Power Generation Policy 2015

**Key milestones:**

• <b>Issuance of LOI:</b>	21.08.2015
• <b>Issuance of LOS:</b>	20.07.2016
• <b>Commissioning Date:</b>	05.02.2023

**Current Status:**

The Project has achieved its commissioning on 5th February 2023 and supplying cheaper power to the national grid with 2nd position on NPCC's merit order list.



## Thar Coal based Power Project at Port Qasim by M/s Lucky Electric Power Company Limited

Lucky Group is actively developing the project with the support and guidance of PPIB. The Project was initially issued Letter of Support in June 2015 for developing the 660 MW Power Project at Port Qasim based on imported coal. However, in accordance with the directions of PPIB Board to reduce dependence on imported coal, M/s Lucky Electric Power Company Limited agreed to develop the Project on Thar Coal. Accordingly, the Project was converted to local Thar coal on the same site (Port Qasim), through an amendment in LOS. Due to slight delay in supply of Thar coal from Phase 3 of Block-II, the Project is now partially utilizing imported coal to fulfill despatch needs. However, the project is expected to run on 100% Thar coal during the coming year. It is unique in its nature as it is the 1st ever project designed on ultra-super critical technology based on Thar coal. This project clears the myths of transportability of Thar coal as well as suspicious quality of Thar coal, and will pave ways for further development of Thar Coal.



**Salient features of project are as follows:**

• Project Company:	Lucky Electric Power Co. Ltd
• Sponsors:	Lucky Cement Limited
• Location:	Port Qasim, Near Karachi
• Fuel:	Thar Coal from Block-II
• Capacity:	660 MW
• Project Cost:	US\$ 1,080.9 million
• Tariff:	Rs. 8.9429/KWh
• Applicable Policy	Power Generation Policy 2015

**Key milestones achieved:**

• Issuance of LOI:	11.02.2015
• Issuance of LOS:	08.06.2015
• FC Date:	25.06.2018
• Commissioning Date:	21.02.2022

**Current Status:**

The Project has started its Commercial Operations from 21st March 2022 and presently supplying electricity to the national grid.



## 1320 MW Oracle Thar Coal based Power Project at Thar Block-VI

This 1,320 MW (2X660MW) Thar Mine Mouth Coal Fired Power Project by M/s Oracle at Thar Block-VI is included in the list of Priority Projects under CPEC Framework Agreement. The Sponsors submitted their revised proposal on 24th March 2020 pursuant to section 6.3 (v) as a designated project covered under bilateral agreements between GOP and foreign governments. The proposal is presently under evaluation and the NTP/LOI shall be issued after approval from JCC & JEWG of the CPEC, ECC of the Cabinet and inclusion in IGCEP. In order to process the project, PPIB is continuously pursuing stakeholders.





# Implementation of Thermal IPPs

A brief account of major activities performed during the financial year 2022-23 related to the Thermal Section is as follows:

## 1. Thermal (Oil and Gas/R-LNG) Power Projects under 2002 & 2015 Power Policies:

PPIB has been managing 17 Thermal (Oil and Gas/R-LNG) based power projects with a cumulative capacity of 7,832 MW under the 2002 and 2015 Power Policies. These projects have been supplying reliable electricity to the national grid, starting from commissioning of the first one in 2009 and the latest in 2023.

The technical, commercial, financial, legal and other specific issues related to these projects during the development, construction, installation / commissioning and operations phases have been effectively addressed by PPIB under the relevant power policies. Thermal Section has been dealing with diverse tasks / activities with regards to matters related to these IPPs. It has been in close coordination with the IPPs and relevant stakeholders.

A list of these projects is as follows:

### a. Thermal Power Projects under 2002 Power Policy (2,936 MW):

#### ***Oil-Fired Power Projects (1,210 MW)***

- i. 165 MW Power Project at Morgah, Rawalpindi by Attock Gen Ltd.
- ii. 225 MW Power Project at Sheikhpura by Atlas Power Ltd.
- iii. 200 MW Power Project in district Kasoor by Nishat Power Ltd.
- iv. 200 MW Power Project in district Kasoor by Nishat Chunian Power Ltd.
- v. 200 MW Power Project near Faisalabad by Liberty Power Tech Ltd.
- vi. 220 MW Power Project at Narowal by The Hub Power Company Ltd.



### **Gas Fired Power Projects (1,726 MW)**

- vii. 227 MW Power Project at Qadirpur by Engro Powergen Qadirpur Ltd.
  - viii. 231 MW Power Project at Sahiwal by Saif Power Ltd.
  - ix. 229 MW Power Project at Balloki by Orient Power Company Ltd
  - x. 225 MW Power Project at Muridke by Sapphire Electric Company Ltd.
  - xi. 185 MW Power Project at Daharki by Foundation Power Company Ltd.
  - xii. 225 MW Power Project at Bhikki by Halmore Power Generation Co. Ltd
  - xiii. 404 MW Power Project at Dera Murad Jamali by Uch-II Power (Pvt.) Ltd.
- b. R-LNG based Power Projects under 2015 Power Policy (4,896 MW):**
- i. 1180 MW based Power Project at Bhikki, district Sheikhpura by QATPL
  - ii. 1230 MW Power Project at Haveli Bahadur Shah by NPPMCL
  - iii. 1223 MW Power Project at Balloki, district Kasur by NPPMCL
  - iv. 1263 MW Power Project near Trimmu Barrage, district Jhang by PTPL



## 2. Gas Depletion Mitigation for Engro Powergen Project:

Engro Powergen Qadirpur Ltd (EPQL), a 226.5 MW combined cycle power plant near Ghotki, Sindh was commissioned in 2010 under 2002 Power Policy. The plant was initially allocated (low BTU) Permeate Gas from Qadirpur (QP) Gas field and it was conceived that the quantity of permeate gas would start declining from 2015 and reach its minimum level by 2017. However, the actual production of QP Gas-field and resultant permeate gas availability has been higher than initial projections. It is expected that a comingling fuel may be required to operate the plant at technically possible minimum capacity of 90 MW, by the end of 2023.

EPQL earlier submitted a draft Gas Depletion Mitigation Plan/Option (GDMP/ GDMO) proposing various options including R-LNG use with Permeate Gas; Gas supply from Sara-West Field; Status Quo (using Permeate Gas and HSD) etc. After deliberations during a series of stakeholders' meetings, a GDMP was finalized which was discussed by the PPIB Board in its meetings held in September 2021 & June 2022. The Board inter-alia approved the GDMP/GDMO with R-LNG



as comingling fuel and directed NTDC and CPPA-G to provide despatch modeling and sensitivity analysis on comingled R-LNG. PPIB Board, while discussing the sensitivity study on 13th December 2022, inter-alia decided that further analysis was to be done on the possible options for EPQL's gas depletion mitigation.

Accordingly, EPQL carried out further analysis on alternate fuels which was discussed by the stakeholders on 1st March 2023. It was deliberated that low Btu PEL gas can be used to make up the shortfall of depleting PG for an initial period of 3 years; while the option of alternate usage of Kandhkot gas can also be explored. Moreover, EPQL was advised to liaise with PEL for reduction in gas pricing. As decided during the stakeholders' meeting, CPPA-G has carried out the Cost-Benefit Analysis on EPQL GDMP/GDMO considering the latest sensitivity analysis, which will now be discussed by the PPIB Board in its upcoming meeting.



### 3. **1263 MW R-LNG based IPP near Trimmu Barrage, district Jhang, Punjab by Punjab Thermal Power (Pvt.) Limited**

Punjab Thermal Power (Pvt.) Limited (PTPL) is a wholly owned company of the Government of Punjab. PPIB issued a Letter of Support to PTPL in January 2018 for development, construction and operation of a 1263 MW R-LNG based Combined Cycle Power Plant near Trimmu Barrage, District Jhang, Punjab. The Project has been developed using Siemens' air-cooled, H Class gas turbines with power plant's net efficiency of 61.16%.

The Power Purchase Agreement (PPA), Implementation Agreement (IA), and Gas Supply Agreement (GSA) were earlier signed and the 220kV transmission line for power evacuation was completed by NTDC. Subsequently, PTPL achieved Financial Closing for the Project in April 2021.

The commissioning activities of gas turbines were delayed due to non availability of R-LNG as well as COVID-19 implications. R-LNG was made available to PTPL at the end of May 2022 and the commissioning specialists (Siemens) were brought back in mid-June 2022 (who earlier left the Project Site due to 5th wave of COVID 19). Subsequently, the testing and commissioning activities of gas turbines were resumed by PTPL.



Both the gas turbines (GT-1 & GT-2) were successfully commissioned in Simple Cycle mode on 27th July & 3rd August 2022 respectively. The testing & commissioning activities in combined cycle mode were initiated in December 2022 after completing the pre-commissioning tests / synchronization; however, due to an abnormality in a fuel oil distribution part, the tests on HSD could not be completed, as replacements are being arranged by the OEM (Siemens).

PTPL has completed commissioning in combined cycle mode on R-LNG and has declared its COD on gas on 23rd June 2023; whereas, the performance test on HSD are expected shortly.

#### 4. Privatization of Two NPPMCL R-LNG based IPPs

Privatization of two R-LNG based IPPs by National Power Parks Management Company (Pvt.) Limited (NPPMCL) i.e. (i) 1230 MW Power Project at Haveli Bahadur Shah and (ii) 1223 MW Power Project at Balloki, district Kasur is underway through Privatization Commission. The debt recapitalization and refinancing of NPPMCL are in process. Earlier, the Cabinet Committee on Privatization (CCoP) also constituted a Committee to address the related issues.

PPIB is in coordination with the Privatization Commission and relevant committees and has been providing all necessary support during the privatization process.



#### 5. Other Activities:

Thermal Section is participating in the development and implementation of new initiative of power market development through Competitive Trading Bilateral Contract Market (CTBCM). It has actively been engaged in the process by being part of PPIB Market Implementation Group (MIG) and has been providing inputs in the process. Moreover, it has been coordinating with the Regulator and SoLRs for finalization of Power Acquisition Programme for FY 2022-27.

Thermal Section also acted as a focal point in the development of National Electricity Plan from PPIB. In this regard, coordination was done with all the concerned besides providing views/inputs on the draft Plan. Moreover, Thermal Section has also provided inputs for the Integrated Generation Capacity Expansion Plan (IGCEP), in view of its peculiar experience in managing and implementation of a large number of IPPs.



## EPQL's 226.5 MW Combined Cycle Power Plant near Ghotki, Sindh

Engro Powergen Qadirpur Ltd (EPQL), a 226.5 MW combined cycle power plant near Ghotki, Sindh, commissioned in March 2010 under 2002 Power Policy. The Project was initially allocated (low BTU) permeate gas from Qadirpur (QP) Gas-field. At the time of project inception, it was conceived that quantity of permeate gas would start declining from 2015 and reach its minimum level by 2017. However, as per the latest gas profile available with gas supplier, it is expected that the gas would be available to operate the plant at minimum 40% load factor till mid-2022, and a comingled fuel will be required to operate the plant thereafter.





### Salient Features

• Project Name:	Engro Powergen Qadirpur Project
• Project Company:	Engro Powergen Qadirpur Limited (EPQL)
• Sponsors:	Engro Chemical Pakistan Ltd; International Finance Corp.
• Capacity:	226.5 MW (Gross); 217.3 MW (Net)
• Location:	Qadirpur, District Ghotki, Sindh
• Fuel:	Permeate Gas (from Qadirpur Field)
• Plant Technology:	CCGT - GE Frame-9E GT
• Plant Configuration:	1 GT + 1 ST (117+110) MW
• Plant Thermal Efficiency:	45.53% on Permeate Gas; 45.26% on HSD
• EPC Contractor:	China Tianchen Chemical Engineering Corporation
• Former O&M Contractor:	China Tianchen Chemical Engineering Corporation
• Current O&M Contractor:	Engro Energy Services Limited
• Project Cost:	US\$ 204.7 Million
• Debt Equity Ratio:	75:25
• Project Term:	25 Yrs.
• Tariff at COD:	Rs. 5.096/kWh (US 6.052 / kWh)

### Important Events

• Proposal Submission	14th January 2005
• LOI Issuance	6th January 2006
• Feasibility Study Approval	18th September 2006
• NEPRA Tariff Determination	19th July 2007
• LOS Issuance	10th August 2007
• GSA Signing	22nd April 2008
• IA Signing	29th October 2007



- PPA Signing 26th October 2007
- Financial Close 30th April 2008
- COD 27th March 2010

### Status of Project:

- ◆ Since achievement of COD in March 2010, EPQL was utilising Permeate Gas (PG) from Qadirpur Field. However, due to depleting gas reserves, the Plant has now been operating on mixed mode, i.e. using PG & HSD.
- ◆ GDMP/GDMO finalised in stakeholders meeting on 16th March 2021 (R-LNG as most viable option). PPIB Board approved GDMP/GDMO on 27th September 2021 (with R-LNG), while directing NTDC and CPPA-G to perform further analyses.
- ◆ NTDC & CPPA-G analyses were discussed by Projects Committee on 26th Nov. 2021 & 26th April 2022. Projects' Committee recommended 3 years extension in plant operation, with R LNG as comingling fuel; EPQL to incur all CAPEX with no liability on GOP; no minimum dispatch or guaranteed off-take; and Kandhkot gas option to be explored further.
- ◆ EPQL's GDMP/GDMO was discussed by PPIB Board on 21st June & 13th December 2022 and it was decided that further analysis would be done on the possible options for EPQL's gas depletion mitigation and the termination compensation amounts would be finalized with EPQL.
- ◆ EPQL sensitivity analysis on alternate fuels was discussed by the stakeholders on 1st March 2023. It was deliberated that PEL gas can be used to make up the shortfall of depleting PG for an initial period of 3 years; while, Kandhkot gas can be utilised alternatively for which EPQL would liaise with PPL / Petroleum Division vis à vis confirmation on availability and allocation.
- ◆ EPQL has provided the termination compensation amounts for the rest of the life of the Project. CPPA-G has also provided the Cost Benefit Analysis on the EPQL's latest sensitivity analysis. The matter will now be discussed by the PPIB Board in its upcoming meeting.



## 1263 MW R-LNG based Power Project near Trimmu Barrage, Jhang, Punjab by M/s Punjab Thermal Power (Pvt.) Limited

Punjab Thermal Power (Pvt.) Limited (PTPL) is a wholly owned company of the Government of Punjab. PPIB issued Letter of Support to PTPL in January 2018 for development of a 1263.2 MW R-LNG based Combined Cycle Power Plant near Trimmu Barrage, District Jhang, Punjab. The Project is being developed using Siemens' air-cooled, H Class gas turbines with power plant's net efficiency of 61.16% at reference site conditions.





### Salient Features:

• <b>Project Name:</b>	Punjab Thermal / Trimmu Power Project
• <b>Project Company:</b>	Punjab Thermal Power (Pvt.) Ltd.
• <b>Sponsors:</b>	Government of Punjab
• <b>Capacity:</b>	1263.2 MW (Gross); 1242.7 MW (Net)
• <b>Location:</b>	near Trimmu Barrage, District Jhang, Punjab
• <b>Fuel:</b>	R-LNG
• <b>Plant Technology:</b>	Combined Cycle Gas Turbine (CCGT), Siemens Class-H GTs
• <b>Plant Configuration:</b>	2 GT + 1 GT
• <b>Plant Efficiency:</b>	61.16% on RLNG
• <b>EPC Contractor:</b>	China Machinery Engineering Corporation (CMEC)
• <b>O&amp;M and LTSA Contractor</b>	Siemens
• <b>Project Cost:</b>	US\$ 801.84 Million
• <b>Debt Equity Ratio:</b>	75:25
• <b>Project Term:</b>	30 Years
• <b>Reference Levelized Tariff</b>	Rs. 7.185 /kWh (6.537 US Cents / kWh)

### Important Events:

• <b>Proposal Submission</b>	12th June 2017
• <b>Issuance of Notice to Proceed by PPIB</b>	14th July 2017
• <b>Issuance of Letter of Intent by PPIB</b>	26th July 2017
• <b>Project Commencement Date</b>	29th September 2017
• <b>NEPRA Tariff Determination</b>	26th December 2017
• <b>Issuance of Letter of Support by PPIB</b>	26th January 2018
• <b>1st Amendment to LOS</b>	16th February 2018



• 2nd Amendment to LOS (FC extension)	11th December 2018
• NEPRA decision on Review Petition	7th June 2018
• 3rd Amendment to LOS (FC extension)	17th July 2019
• 4th Amendment to LOS (FC extension)	22nd January 2020
• 5th Amendment to LOS (FC extension)	2nd February 2021
• PPA Signing	22nd June 2020
• IA Signing	26th June 2020
• GSA Signing	21st August 2020
• Financing Agreements Signing	17th December 2020
• Financial Closing Achievement	23rd April 2021
• GT-1 commissioned in open cycle on	27th July 2022
• GT-2 commissioned in open cycle on	3rd August 2022
• COD on gas	23rd June 2023

**Project Status:**

- PPIB issued a Letter of Support (LOS) to Punjab Thermal Power (Pvt.) Limited (PTPL) on 26th January 2018 for the establishment of a 1263 MW RLN-G-based power project in district Jhang, Punjab.
- Due to delays in approval and execution of Project Agreements, and non-execution/initiation of various activities owing to COVID-19 lockdown adverse implications, PTPL could not achieve Financial Closing (FC) by the deadline stipulated under the initial LOS. PTPL lately achieved FC on 23rd April 2021.
- PTPL started construction activities in September 2017. However, PTPL informed that the commissioning activities of gas turbines could not be completed due to the non-availability of gas / RLN-G for more than 2 months. Later, gas was made available to PTPL at the end of May 2022 and the commissioning specialists (Siemens) were brought back in mid-June 2022 (owing to travel restrictions due to 5th wave of COVID-19).



- Subsequently, Gas Turbines GT-1 & GT-2 were successfully commissioned in Simple Cycle mode on 27th July 2022 & 3rd August 2022 respectively.
  - PTPL requested CPPA-G in September 2022 that gas / R-LNG supply would be required at different testing stages from September to December 2022. PTPL requested CPPA-G on 26th October 2022 to commence testing & commissioning activities on HSD fuel.
  - PTPL on 1st March 2023 informed CPPA-G that commissioning of both GTs on HSD is completed after which, an abnormality at a fuel distribution part was found, replacement of which from the OEM (Siemens) may be delayed and PTPL may request a deferral of the final performance test after the COD (i.e. Initial Capacity Test and Heat Rate Test).
  - PTPL has now completed commissioning in combined cycle mode on gas; while, the performance test on HSD is expected shortly.
  - PTPL has declared its COD on gas from 23rd June 2023.
-



## NPPMCL – Balloki Power Plant





### Salient Features

• <b>Project Name:</b>	1223 MW Balloki R-LNG Power Project
• <b>Project Company:</b>	National Power Parks Management Company (Pvt.) Ltd.
• <b>Sponsors:</b>	Ministry of Energy (Power Division), Govt of Pakistan
• <b>Location:</b>	Balloki, District Kasur, Punjab
• <b>Capacity:</b>	1223 MW (Gross); 1205 MW (Net)
• <b>Fuel:</b>	R-LNG
• <b>Technology:</b>	CCGT - GE's H-Class GTs
• <b>Plant Configuration:</b>	2 GT + 1 ST
• <b>Plant Efficiency</b>	61.6%
• <b>EPC Contractor:</b>	Harbin Electric International
• <b>LTSA Contractor</b>	General Electric
• <b>Project Cost:</b>	US\$ 763 Million
• <b>Debt Equity Ratio:</b>	70:30
• <b>Project Term</b>	30 Years
• <b>Tariff at COD</b>	10.65 Rs./kWh (10.018 US Cents/kWh)

### Important Events

• <b>Proposal Submission</b>	31st July 2015
• <b>NTP Issuance</b>	15th March 2016
• <b>LOI Issuance</b>	12th April 2016
• <b>NEPRA Tariff Determination</b>	9th August 2016
• <b>LOS Issuance</b>	22nd September 2016
• <b>PPA Signing</b>	29th October 2016
• <b>GSA Signing</b>	29th October 2016



- **IA Signing** 14th November 2016
- **Financial Close** 28th November 2016
- **GT1 Commissioning** 13th August 2017
- **GT2 Commissioning** 30th August 2017
- **COD** 29th July 2018

### **Project Status**

PPIB issued Notice to Proceed on 15th March 2016 to NPPMCL for development of a 1223 MW R LNG based combined cycle power plant at Balloki, district Kasur.

Both gas turbines were commissioned in simple cycle mode on 13th & 30th August 2017. The Project achieved commercial operations (COD) on 29th July 2018.

The Plant is developed with General Electric (GE)'s air-cooled, multi-shaft, H Frame, Gas Turbine based Combined Cycle (CCGT) technology which ensures highest efficiency and reduces fuel costs and CO2 emissions over the life of the power plant.

The privatization process of the Project is being carried out by the Privatization Commission (PC). Board of PC in a meeting held on 20th March 2019 constituted a Steering / Transaction Committee to oversee entire privatization process / transaction of NPPMCL, which has held several meetings.

Currently, debt recapitalisation and refinancing of NPPMCL is underway, pursuant to the Cabinet Committee on Privatisation (CCoP) decision dated 31st December 2021. Bids of Rs. 102 billion were received from four banks / consortiums on 21st March 2022, which were



valid for 90 days i.e. upto 18th June 2022 and subsequently extended for another 90 days i.e. upto 16th September 2022.

PC is in process of resolution of certain Conditions Precedent (CPs) with relevant stakeholders. As advised by PC, NPPMCL has discussed and finalised relevant pre approval of CPs in relation to the term sheet with the banks.

PPIB has already submitted draft amendment of IA for vetting to PC's Legal counsel and its comments on proposed term sheets for debt recapitalisation and refinancing.

CCOP has also constituted a Committee under chairmanship of Minister for Power including Chairman PC, Secretary Power Division, Secretary Petroleum Division, Secretary Privatization, Additional Secretary Finance (IGF) and CEO NPPMCL to resolve issues of amendments in IA by PPIB, amendments in GSA by SNGPL, bringing down receivables of Rs. 200 billion to Rs. 50 billion as per industry norms by CPPA-G / Finance Division (in June 2022) and restructuring of Pakistan Development Fund Ltd. (PDFL) loan.

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## NPPMCL – HAVELI BAHADUR SHAH POWER PLANT





### Salient Features

•	<b>Project Name:</b>	1230 MW Haveli Bahadur Shah R-LNG Power Project
•	<b>Project Company:</b>	National Power Parks Management Company (Pvt.) Ltd.
•	<b>Sponsors:</b>	Ministry of Energy (Power Division), Govt. of Pakistan
•	<b>Location:</b>	Haveli Bahadur Shah, District Jhang, Punjab
•	<b>Project Capacity</b>	1230.5 MW (Gross); 1215 MW (Net)
•	<b>Primary Fuel</b>	R-LNG
•	<b>Technology:</b>	Combined Cycle Gas Turbine (CCGT), GE H-Class (9HA) GT
•	<b>Plant Configuration:</b>	2 GT + 1 ST
•	<b>Plant Efficiency</b>	62.18%
•	<b>EPC Contractor:</b>	Power Construction Corporation of China
•	<b>LTSA Contractor</b>	General Electric
•	<b>Project Cost:</b>	US\$ 784 Million
•	<b>Debt Equity Ratio:</b>	70:30
•	<b>Project Term</b>	30 Years
•	<b>Tariff at COD</b>	Rs. 9.32 /kWh (US Cents 8.76 / kWh)

### Important Events

•	<b>Proposal Submission</b>	31st July 2015
•	<b>NTP Issuance</b>	15th March 2016
•	<b>LOI Issuance</b>	12th April 2016
•	<b>NEPRA Tariff Determination</b>	9th August 2016
•	<b>LOS Issuance</b>	22nd September 2016
•	<b>GSA Signing</b>	29th October 2016
•	<b>PPA Signing</b>	29th October 2016
•	<b>IA Signing</b>	14th November 2016



- **Financial Close** 28th November 2016
- **GT1 & GT2 Commissioning** 18th July 2017
- **COD** 9th May 2018

### **Project Status**

PPIB issued Notice to Proceed to NPPMCL on 15th March 2016 for development of 1230 MW R-LNG based Combined Cycle Power Plant at Haveli Bahadur Shah, Jhang.

Both GTs were commissioned in simple cycle mode on 18th July 2017 while commercial operations of the plant in combined cycle mode was achieved on 9th May 2018.

The Plant is developed with General Electric (GE)'s air-cooled, multi-shaft, H Frame, Gas Turbine based Combined Cycle (CCGT) technology which ensures highest efficiency and reduces fuel costs and CO2 emissions over the life of the power plant.

The privatization process of the Project is being carried out by the Privatization Commission (PC). Board of PC in a meeting held on 20th March 2019 constituted a Steering / Transaction Committee to oversee entire privatization process / transaction of NPPMCL, which has held several meetings.

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# Development of Transmission Line Projects

While systematic mechanism for power generation capacity addition on long term basis has already been introduced by the GoP through a 10-year based Integrated Generation Capacity Expansion Plan (IGCEP), to be revised annually, it will also be supplemented by a corresponding Transmission System Expansion Plan (TSEP) in order to sustain power system growth and expansion.

In view of the generation projects envisaged in the latest iteration of the IGCEP, augmentation / expansion of the existing transmission system to support evacuation of the increased volumes of power in a stable and reliable manner, is imminent. Besides, considering the focus of the government on increased share of renewable energy in its energy mix, requirement of a robust transmission infrastructure would be necessary to enhance the resilience, reliability and efficiency of the existing transmission infrastructure.

Cognizant of the fact that the needed transmission system expansion would entail huge investments, the GoP has already approved "Policy Framework for Private Sector Transmission Line Projects, 2015" (the Transmission Line Policy 2015, which provides for development / implementation of AC and DC Extra High Voltage (EHV) Overhead Power Transmission Lines, Substations (SS) / Grid Stations (GS) or Converter Stations (CS) and associated equipment by private independent transmission companies (ITCs) on Build, Own, Operate & Transfer (BOOT) basis through modes provided therein including International Competitive Bidding (ICB) and upfront tariff. Additionally, implementation of specific transmission projects on G-to-G basis may also be allowed / approved by the GoP, as and when deemed appropriate, considering the system requirements, urgency level, nature and size of the project(s) etc.

## ***PIVOTAL ROLE OF ±660 kV MATIARI – LAHORE HVDC TRANSMISSION PROJECT IMPLEMENTED THROUGH PRIVATE SECTOR UNDER CPEC:***

Pursuant to the CPEC Framework Agreement and the provisions of TL Policy 2015, PPIB successfully processed and implemented first ever private sector transmission project, i.e. ±660 kV Matiari – Lahore HVDC Transmission Line Project (the Project), which is spread over a span of approximately 886 km and entails foreign investment to the tune of US\$ 1.658 Billion. This first ever HVDC project inducted in the NTDC system, has been implemented on BOOT basis and will be transferred to NTDC after a term of 25 Years.



The Project, after successfully achieving COD on 1st September 2021, is playing a pivotal role by serving as a highly reliable means of evacuating power from generation facilities in the South towards load centers in the North of the country, while incurring minimum transmission losses. Addition of HVDC transmission line in the system in parallel to existing HVAC system has strengthened the resilience of the National Grid to address seasonal variations in the power generation capacity while equipping it with a dependable system to address unforeseen system exigencies leading to blackouts etc.

PPIB continues to extend necessary support and facilitation through amicable resolution of routine Project related matters such as tax disputes, payment delays, timely visa issuance to the foreign nationals employed at the Project, security and other related matters. Throughout the development and operation of the Project, PPIB / Transmission team has been in contact with all concerned parties to ensure smooth operations of the Project.

This Project serves as a clear manifestation of PPIB's significant contributions in development of large-scale power sector projects through private sector. Besides providing reliable transmission services, the Project is anticipated to have improved the private sector confidence in the GoP's policies aimed at enhancing private sector participation in development of power infrastructure.





### **PLANS TO ENHANCE PRIVATE SECTOR PARTICIPATION IN TRANSMISSION PROJECT (S)**

Upon finalization of the TSEP and NEPRA's approval, the system requirements for future transmission projects including those suitable for implementation through private sector would be firmed up. Based on the required new transmission projects, as identified in the TSEP; PPIB would initiate the process for award of these projects to private sector through the available modes including ICB, in collaboration with other stakeholders.

Meanwhile, in order to attract private investment for induction of new transmission projects, the GoP has advised PPIB to review the applicable Transmission Line Policy 2015, to ensure its robustness and alignment with the best international practices. In this respect, PPIB has engaged USAID pursuant to the USAID Power Sector Improvement Activity (PSIA) Task Order pertaining to "Implementation Plan for Private Sector Participation in Pakistan Power Transmission" to provide assistance in review of the TL Policy 2015. Moreover, since the new transmission projects are envisaged to be implemented through inter-alia, ICB, for the first time for award of transmission project(s) to private sector; USAID / PSIA has also been tasked to assist PPIB in preparation of appropriate bidding documents including but not limited to the Request for Proposal (RFP) and revision of the existing Security Package Documents (SPD), which is underway. Besides, PPIB is also in liaison with International



Finance Corporation for provision of technical & financial support, in view of its rich experience of handling private resource mobilization in infrastructure projects including transmission projects, through both ICB and G-to-G modes of processing.

### **Projects Implementation and Coordination:**

International cooperation in relation to power sector development is a strategic imperative for Pakistan's economic growth and sustainable development. By focusing on infrastructure enhancement, renewable energy integration, policy alignment, and capacity building, the nation can overcome challenges in the context of energy transition and development of a robust, resilient and sustainable power sector.

Being cognizant of the aforesaid challenges and in order to meet country specific, regional and international objectives including those relating to SDG7 and carbon emission reduction targets, PPIB has been playing instrumental role to realize GoP's endeavors for steadily progressing towards an alignment with the changing energy landscape in favor of cleaner and greener energy solutions across the globe and is focused to achieve 62% share of electricity generation through renewables (including hydropower) by 2031.

Undoubtedly, this ambitious target requires huge investment for employing cutting edge technologies for optimal utilization of the existing and acquired facilities to help transform the sector. Given public sector funds constraints and openness of the sector for local and international investment, PPIB through Power Division remains engaged with national and international investors and lenders through providing customized tailor-made briefs for specific bilateral and multilateral forums in order to show-case potential investment avenues available in the sector. These potential areas generally include multiple energy sector investment options including direct investment in the existing and planned initiatives of the GoP, technology transfer options and capacity building programs to be provided by the host countries.

Projects Section (Transmission) has been also assigned matters related to bilateral / multilateral cooperation with foreign countries / international agencies in relation to power sector development activities / investment opportunities and it has remained extensively engaged with various foreign countries / international agencies and shared current investment opportunities and areas of mutual interest entailing cooperation. In this context, draft proposals containing possible areas of cooperation / briefs were shared with Power Division for consultation with various delegates / countries hailing from the Asia, Gulf, Europe and USA in addition to China. A snapshot of such communication during the year is summarized below:



### **Bilateral Cooperation Events / Visits:**

- VVIP Visit to China
- Bilateral Consultations with the European Countries
- Visit of French Delegation to Pakistan
- Pakistan - China Bilateral Political Consultations
- Draft Action Plan for the Green Framework Engagement Between Pakistan and Denmark
- Belarusian Foreign Minister's Visit to Pakistan
- High Profile Visit to Norway on June 4-5, 2023
- Minister of State for Foreign Affairs Visit to Denmark
- Visit of the Minister for Finance and Revenue to Qatar
- Bilateral Political Consultations Between Pakistan and Japan
- High Level Visit of Swiss Foreign Minister to Pakistan
- Recommendations from Our Mission in Denmark
- Pakistan - European Union Midterm Review Meeting
- Expected VVIP Visit to Azerbaijan

### **Engagements on Multilateral Basis:**

- Prime Minister's Visit to Kazakhstan to Attend 6th CICA Summit (12-13 Oct, 2022)
- Ambassador's Upcoming Meeting with DG Energy, European Commission
- High Level Political Engagements (Pakistan and European Union)
- Invitation to Participate the session on partnership to promote sustainable energy, the side event at COP27, 15 November 2022 "Energy Day" 14:00 to 15:15 HRS (GMT+2)
- 7th Round of High-Level Strategic Cooperation Council (HLSCC) Pakistan – Turkiye
- Senior Official Talks (SOT) with Australia to be held in Islamabad

### **Communication / Engagements under the Regional Fora:**

#### **o Economic Cooperation Organization (ECO)**

- Visit of ECO-Secretary General to Pakistan (September 2022)
- 33rd Meeting of ECO Regional Planning Council (RPC) 16th -19th January 2023
- 5th ECO Energy Ministerial Meeting
- Shusha Communiqué – 27th Meeting of Council of Ministers of ECO Member States (ECO-COM)

#### **o Shanghai Cooperation Organization (SCO):**

- Draft Strategy for the Development of Energy Cooperation of the SCO Member States Until 2023
- Draft Economic Development Strategy of the SCO until 2030



### **Correspondence regarding various Joint Ministerial Commission, Joint Commission, Joint Economic Commission & Intergovernmental Commission, Bilateral Political Consultations**

- 5th Session of Pak-Italy Joint Economic Commission
- 8th Session of Pakistan Russia Intergovernmental Commission (IGC) on Trade, Economic Scientific and Technical Cooperation
- 2nd Session of Pakistan - Hungary Joint Commission (JC)
- 11th Session of Pak-Afghan Joint Economic Commission (JEC)
- Implementation Status - Inaugural Session of Pak-Philippines Joint Economic Commission (JEC) held on 27-28 February, 2018 at Islamabad
- 5th Session of Pak - Qatar JMC
- Inter-Ministerial Meeting on Draft Protocol of 4th Session of Pak-Kyrgyz Joint Ministerial Commission (JMC)
- 4th Session of Pak-Kyrgyz Joint Ministerial Commission (JMC) to be held in the last quarter of 2023
- Minutes of 1st Inter-Ministerial Meeting (IMM) for the 4th Session of Pak-KYRGYZ Joint Ministerial Commission (JMC)
- 5th Session of Pak- Qatar Joint Ministerial Commission (JMC) on Economic, Commercial and Technical Cooperation held on 4th–5th November, 2019 at DOHA, Qatar
- 3rd Session of Pakistan - Hungary Joint Commission (JC)
- 12th Round of Bilateral Political Consultations with Norway
- 2nd Round of Bilateral Political Consultations with Bosnia & Herzegovina

### **Miscellaneous:**

In addition to the above, inputs were also provided on the following:

- Zero Draft of the Ministerial Declaration at the Third Asian and Pacific Energy Forum
- Draft Agreement on Economic Cooperation with Montenegro
- Report on 3rd Asian and Pacific Energy Forum
- Draft Agreement Between the Government of the Republic of Malawi and Government of Pakistan on Economic and Technical Cooperation

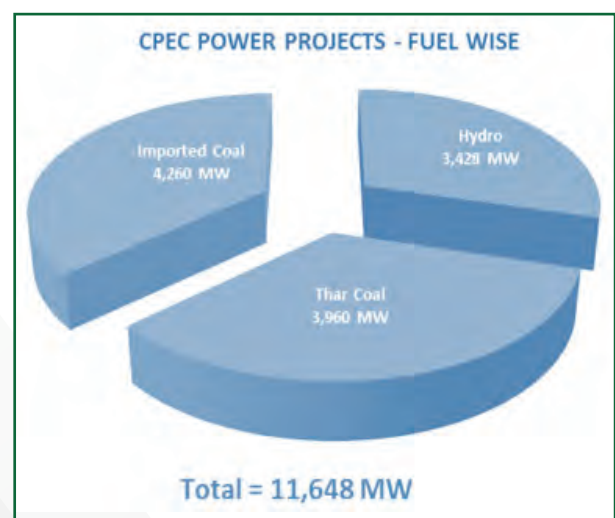
As we move forward, PPIB remains dedicated to showcase power sector dynamics of Pakistan to the relevant stakeholders and stay passionate to identify all possible ways of meaningful cooperation with bilateral / multilateral fora so as to pave the way of successful realization of a sustainable and resilient power infrastructure in Pakistan.



# CPEC Energy Chapter

The Belt and Road Initiative (BRI) and the CPEC are 21st century models of international cooperation, underpinned by ideals and principles and invested with political commitment and requisite resources, for positive transformation of the regional and global landscape. CPEC is a flagship project of BRI signed in 2013 and launched in 2015. CPEC epitomizes the new priorities in Pakistan-China economic cooperation and encapsulates the essence of understandings at leadership level and agreements made over the past few decades. Chinese concessional credits have made it possible for Pakistan to benefit from China's economic rise in a substantial manner. CPEC is bound to go transnational and span over other adjoining regions thus enabling Pakistan to realize its geo-economic potential as a conduit for trade, commerce and a transportation hub. Economic and trade cooperation has witnessed a quantum jump with the launching of CPEC, which inter-alia centers on developing infrastructure, energy, agriculture, and industrial development in Pakistan. The development of Gwadar deep sea port holds immense potential for serving as another gateway not only to Pakistan but all of the landlocked states of Central Asia and Afghanistan. Energy cooperation has been extremely helpful in overcoming shortages of electricity generation capacity. China is also assisting Pakistan in developing clean coal energy using super critical technology and harnessing hydro-electric potential.

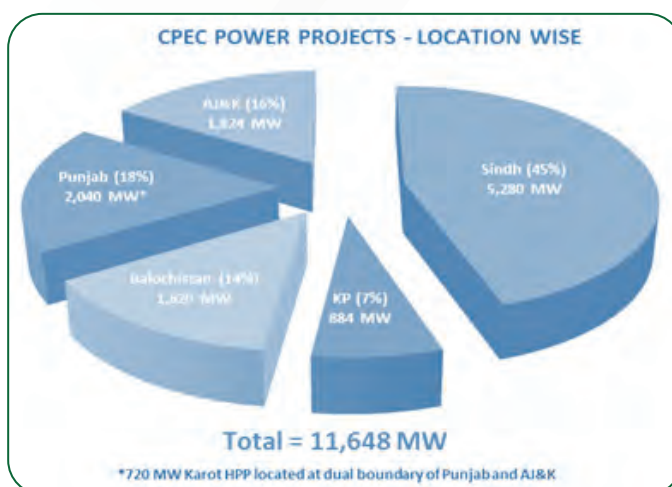
With particular reference to the energy chapter, projects based on imported coal, indigenous Thar coal and renewable hydro are being prioritized under two categories namely "Priority Projects" and "Actively Promoted Projects". According to CPEC agreement signed in November 2014, projects of more than 17,045 MW were planned to be implemented through PPIB and AEDB out of which, currently, PPIB is handling thirteen (13) power generation projects comprising those based on hydro, Thar coal and imported coal and one HVDC transmission line project.





These projects are located all over the country including AJ&K. Location wise detail of these projects is given below:

Total investment outlay of twenty energy and one transmission line projects being processed by PPIB under CPEC amounts to around US\$ 21 billion which is a huge investment considering the fact that this has been made in a single sector of Pakistan's economy. Despite the outbreak of COVID-19 pandemic, most of the CPEC projects maintained momentum in accomplishing various milestones, however, some marginal variations in timelines of advance stage projects anticipated due to which COD schedule of few projects delayed marginally.



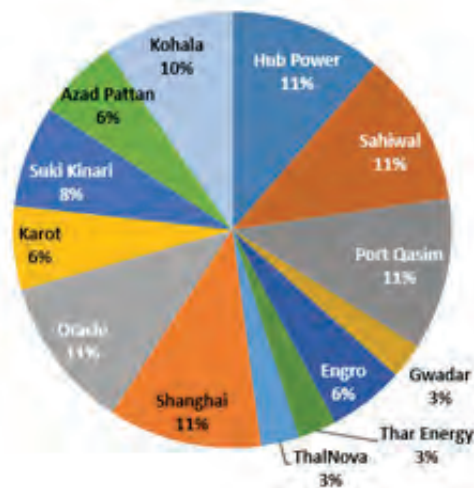
CPEC framework agreement included 21 planned power projects with total installed capacity of 17045 MW, which were adjusted to 17 power generation projects with total capacity of 11,110 MW in 2017. Subsequently through mutual agreement, the number of CPEC projects was adjusted to 21 with total installed capacity of 13010.7 MW. The balance available capacity of 4034.3 MW was put for further projects to be decided by both sides. In this regard, both sides jointly prepared guiding principles for inclusion and exclusion of projects from CPEC framework list which were approved by JCC in its 10th meeting.

Thirteen power generation projects of 8020 MW accounting 19.1 % of Pakistan's total installed capacity based on imported coal, Thar coal, wind, solar and hydropower have been commissioned besides one flag-ship HVDC transmission line project accruing investment of USD 16.3 Billion. One power generation project of 884 MW is under construction having investment of USD 1.7 Billion. Three generation projects of 2100 MW based on Thar coal and hydropower (300 MW Gawadar, 1,100 MW Kohala & 700 MW Azad Patan) are at advance stage to achieve financial closing subject to pending Sinosure clearance, whereas, one generation projects of 1320 MW (Oracle Thar Coal) are at LOI stage.

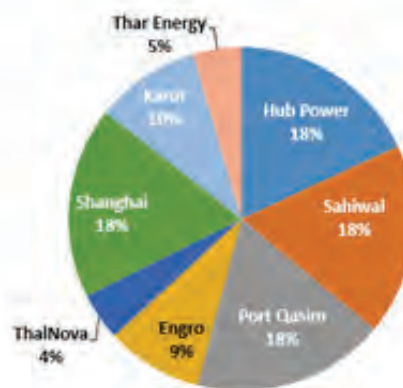


The portfolio of CPEC comprising of 13 power generation and one transmission line projects has achieved significant progress within a period of 3-4 years, due to fast-track processing by PPIB. Apart from 300 MW Gwadar power project which is at FC stage, Coal based energy chapter of CPEC is nearing to completion while hydropower projects being different in nature and involving more complicated and time-consuming activities as compared to traditional thermal power generation projects would go beyond 2023. These include 1124 MW Kohala and 700 MW Azad Pattan projects. With exhaustive and enthusiastic endeavors of PPIB and help of all stakeholders including Power Division, federal & provincial entities and CPEC Secretariat, seven (7) coal based power projects (3 x imported coal based projects of 3,960 MW and 4 x Thar coal based project of 2640 MW) totaling 6,600 MW have been commissioned so far. In addition, eight IPPs are under process out of which 4 IPPs are at advance stages of development.

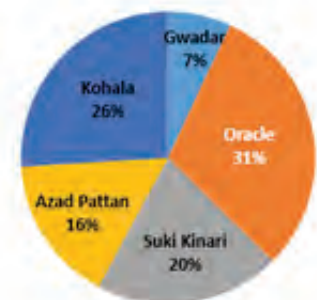
**CPEC Energy Chapter - PPIB  
11,648 MW**



**Commissioned Projects  
(7,320 MW - 63%)**



**Under Implementation  
(4,328 MW - 37%)**





Brief status of projects under CPEC as on 30th June 2023 is depicted, in the below table:

### Status of Projects under CPEC

Sr. No.	Project	Capacity (MW)	Location	Financial Outlay/Project cost US\$ M	% age Const. Completion	Target Date (COD)	Current Status
<b>COAL</b>							
1	Sahiwal Coal Power Project	1320	Sahiwal, Punjab	1912.2	100%	28 Oct 17	Commissioned on 28th Oct 2017
2	Port Qasim Coal Power Project	1320	Port Qasim, Sindh	1912.2	100%	25 Apr 18	Commissioned on 25th April 2018
3	Engro Thar Coal Power & Mine Project	660	Thar Block-II, Sindh	995.40	100%	04 Jun 19	Commissioned on 10th July 2019
4	HUBCO Coal Power Project	1320	Hub, Balochistan	1912.2	100%	17 Aug 19	Commissioned on 17th August 2019
5	Shanghai Electric (TCB-1)	1320	Thar Block-I, Sindh	1912.2	100%	July 2023	Commissioned on 05th February 2023
6	HUBCO Thar Coal Power Project (Thar Energy)	330	Thar Block-II, Sindh	497.70	100%	01st October 2022	Commissioned on 01st October 2022



7	ThalNova Thar Coal Power Project	330	Thar Block-II, Sindh	497.70	100%	17th Febru- ary 2023	Commissioned on 17th February 2023
8	Gwadar Coal Project	300	Gwadar, Ba- lochistan	400	-	31st Decem- ber 2025	LOS Issued, FC in Progress, Last Quarter of 2023
9	Thar Electricity (Oracle) Coal Project	1320	Thar Block-VI, Sindh	1,912.2	-	-	Proposal is under evaluation and LOI will be issued after the approval of JCC/JEWG of CPEC for Capacity and Shareholding Structure change + NOC by NTDC and approval by ECC.
<b>TOTAL COAL</b>		<b>8,220</b>		<b>11951.8</b>			



HYDEL							
10	Karot Hydropower Project	720	River Jhelum, Punjab *	1698	100%	June 2022	Commissioned
11	Suki Kinari Hydropower Project	884	Kagan, River Kunhar, KP	1962.667	92.1.1%	Nov-24	Under construction; COD Nov 2024
12	Kohala Hydropower Project	1124	River Jhelum, AJ&K	2408	-	Mar-31	Under FC; Expected COD March 2031
13	Azad Pattan Hydropower Project	700	Jhelum River, Sudhnoti, AJ&K	1350		Sep-29	Under FC; Expected COD deadline Sep 2030
<b>TOTAL HYDEL</b>		<b>3,428 MW</b>		<b>7,418.667</b>			

CPEC has a commendable contribution in overcoming electricity shortages in Pakistan as well as diversifying the country's fuel mix. The scale of development under CPEC is increasing and is well on track to meet the deadlines. Completion of various CPEC projects will open for Pakistan new avenues of success and economic prosperity in the years to come.



# Challenges and Future Plans

## Challenges

Given the high energy intensity of Pakistan's economy and the nascent energy efficiency market, there is tremendous scope of increase in demand. The war in Ukraine has triggered the largest commodity shock, which will contribute to huge price surge for energy related goods such as oil and natural gas. Consequently, energy prices have escalated and are further expected to increase, pushing up cost for households and businesses.

In given situation, the main challenge is to provide reliable, sustainable, and affordable electricity. Enhancing the share of electricity based on indigenous energy resources is now even more crucial to ensure energy security, self-reliance, affordability, sustainability and reduction in dependency on the imported fuel.

Summarizing the aforesaid, following are the main challenges to cope with in coming years:

1. To overcome supply-demand deficits
2. Reduce circular debt
3. Fuel supply planning, sourcing and management
4. Least cost procurements
5. Optimizing the contractual arrangements
6. Ensuring adequate efficiency in the power market, and
7. Environmental sustainability

## Future Plans

### 1. **Conversion of Existing Imported Coal IPPs to Thar Coal:**

Importing coal increases dependency on other countries and drains huge amount of foreign exchange reserves. Pakistan is bestowed with abundant reserves of local coal, while only Thar coalfields have estimated quantity of 175 billion tons which is capable of generating approximately 50,000 MW for around 100 years. According to IGCEP 2021, coal power projects based on Thar coal are envisaged to be dispatched beyond 75% in the coming years



being the cheapest option in conventional fuel based IPPs. PPIB has been tasked by Power Division to conduct a feasibility study for conversion of all three commissioned imported coal power projects to Thar coal. In this regard, PPIB approached Government of Sindh's Energy Department for conduct of bankable feasibility study on the conversion of aforesaid imported coal-based power projects to Thar coal. Accordingly, GOS through SECMC engaged Consultant "Fichtner GmbH KG & CO." for conducting the feasibility study. On the available data provided by IPPs, Fichtner has submitted a preliminary feasibility study report on conversion. The outcome of the feasibility study has been shared with all imported coal IPPs and after strenuous efforts of PPIB, they are willing to phase wise conversion to Thar coal, starting from 10% blending of Thar Coal with imported coal. The feasibility study has also suggested that no major equipment modification is required at this stage. It is expected that these IPPs will soon start testing their respective IPPs with 10% Thar coal.

## 2. **COMPETITIVE TRADING BILATERAL CONTRACT MARKET**

- ◆ Role as Independent Auction Administrator (IAA) in CTBCM:
  - Competitive Bidding to procure new generation capacity for DISCOs
  - Preparation of power auction plan in consultation with SOLRs for capacity estimations
  - Liaison and coordination with stakeholders and NEPRA for approval of procurement program
  - Facilitate DISCOs in execution of Security Documents with Generators
  - Issuance of GOP guarantee to financially weak DISCOs for payment obligations towards generators
- ◆ Standard Project Documents (SPDs) under preparation - First package of
- ◆ Solar SPDs deliberated amongst stakeholders and being finalized with WB Consultant (Tom West).
- ◆ Revision of Generation Policy - Draft Policy prepared by PPIB and submitted to Power Division on 8th March 2022 for circulation to Stakeholders.
- ◆ Revision of Transmission Line Policy 2015
- ◆ Development of framework and security package for TL projects through ICB Consultant engaged.
- ◆ IAA Strengthening Plan – Prepared with the support of MRC consultant. Implementation underway.

## 3. **INDIGENOUS RESOURCES**

- ◆ Hydropower Projects encouraged, being Indigenous and Clean Resource:
  - Issuance of Tripartite LOS for Hydropower Projects initiated by provines/AJK/GB
  - Preparation of Tariff based bidding Documents for HPPs through AFD grant



- ◆ Identification of Pumped Storage Hydropower Sites to cater for intermittency of Wind and Solar Power projects and grid stability
  - ◆ Facilitation to GoGB in Power Policy preparation for hydropower development (21,100 MW)
  - ◆ Security Package for Small Hydropower Projects
  - ◆ Thar Coal based Projects to achieve Economies of Scale on Mining Operations
    - 175 billion tons lignite coal in 13 Blocks - two blocks at advanced stage
    - Target of reducing Thar Coal price to less than 30 US\$/Ton from current 64 US\$/Ton)
- Feasibility study for use of Local Coal in three imported coal plants

#### **4. RENEWABLE ENERGY**

- ◆ Increasing share of RE including Hydropower – 62% by 2031
  - Development of Solar PV Projects under Fast Track Solar Initiatives 2022 (600 MWp and 50 MWp projects at Kot Addu/Muzaffargarh and Manjhand)
  - Development of RE Projects under G2G mode (600 MWp and 1200 MWp projects at Jhang & Layyah) after price discovery
  - Small scale Solar PV projects at 11 KV level through competitive bidding by DISCOs
  - Competitive Procurement of Projects under ARE Policy 2019 as per IGCEP project
- ◆ Processing of wind and solar projects under Cat-III as per the approved mechanism - RFP developed for competitive bidding of wind and solar PV projects.
- ◆ Promoting and facilitating net-metering based installations – Implementation and awareness of online application web portal in all DISCOs in two phases
- ◆ Training of 500 solar PV technicians being carried out with support of GIZ – 425 already trained
- ◆ Local manufacturing of solar panels and other RE equipment – Policy to incentivize local assembling / manufacturing under Cabinet approval
- ◆ ARE projects based on new-technologies (e.g. Solar Thermal) – Engaged with international organization (RELP) to prepare RFP and SPDs
- ◆ Tapping concessional/green financing for ARE projects development – Engaged with RELP to explore venues and required framework.
- ◆ Assistance to SBP in revision of Financing Scheme for RE for broader consumer categories.
- ◆ Establishment of ARE based mini/micro grids in urban and rural areas
- ◆ Development of grid-infrastructure to connect ARE projects



- ◆ Studies through World Bank for promoting ARE
    - VRE Integration & Planning Study,
    - VRE Locational Study Pakistan,
    - VRE Competitive Bidding Study etc.
    - Balochistan Renewable Energy Development Study (in progress)
  - ◆ Pakistan-German Renewable Energy Forum (PGREF) creation for promoting / dissemination of RE&EE technologies with German private sector.
  - ◆ Capacity building of DISCOs with GIZ support to facilitate improved management of electricity grid considering increasing share of variable RE.
  - ◆ Solar Optimal Feed in Point Software Tool developed with GIZ support for DISCOs to identify optimal locations for small scale solar PV projects at 11 kV level.
-



**5. Detail of upcoming IPPs is as follows**

Sr. #	Project	Sponsor/ Company Name	Location	Fuel	Capacity (MW)	Expected COD/Remarks
<b>2023</b>						
1.	Riali-II Hydro-power Project	Riali Hydro Power Co.	Ghori Wala Nullah, Muzaffarabad AJ&K	Hydel	7.08	Jul-23 (As per IGCEP) LOS issued Under FC / under Construction
<b>Sub Total (2023)</b>					<b>7.08</b>	
<b>2024</b>						
2.	Suki Kinari Hydropower Project	S.K Hydro Pvt Ltd	Kunhar River, Mansehra, KP	Hydel	884	Nov-24** FC Achieved. Under Construction
3.	Kathai-II Hydropower Project	Kathai-II Hydro (Pvt) Ltd.	Kathai Nullah, Hattian, AJ&K	Hydel	8.00	Dec-24 (As per IGCEP) LOS issued FC in Progress
<b>Sub Total (2024)</b>					<b>892</b>	
<b>2025</b>						
4.	300 MW Imported coal-based Power Project	CIHC Pak Power Co. Ltd	Gwadar, Balochistan	Coal	300	Dec-25*** LOS issued FC in progress
<b>Sub Total (2025)</b>					<b>300</b>	
<b>2030</b>						
5.	Azad Pattan Hydropower Project	Azad Pattan Power (Pvt) Ltd.	Jehlum River, Sudhnoti, AJ&K	Hydel	700.7	Sep-30 LOS issued FC in progress



<b>Sub Total (2030)</b>					<b>700.7</b>	
<b>2030</b>						
<b>6.</b>	Kohala Hydropower Project	Kohala Hydro Company Limited	Jehlum River/ Kohala, AJ&K	Hydel	1,124	Mar-31 LOS issued FC in progress
<b>Sub Total (2031)</b>					<b>1,124</b>	
<b>Candidate Projects in IGCEP Portfolio</b>						
<b>7.</b>	Mahl Hydropower Project	CWE Investment Corporation/ China Three Gorges & Trans Tech Pakistan	Jehlum River, AJ&K/ Punjab	Hydel	640	LOI issued. FS completed and approved by POE. Tariff determined by NEPRA. Included in IGCEP 2022-31 with COD in July 2030
<b>8.</b>	Athmuqam Hydropower Project	Korea Hydro and Nuclear Company	Neelum River, AJ&K	Hydel	450	LOI issued. FS completed and approved by POE. Sponsors have initiated tariff determination process through CPPAG. Further processing will be as per Inclusion in IGCEP
<b>9.</b>	Turtonas-Uzghor Hydropower Project	Sinohydro Sachal Consortium	Golen Gol River, Chitral Valley KP	Hydel	82	Develop a framework for the transition of the project from PPIB to KE.



10.	Ashkot Hydropower Project	Ashkot Energy (Pvt) Ltd.	Neelum River, AJ&K	Hydel	300	The project has been transferred by GoAJK to PPIB for further processing as per IGCEP
11.	1320MW Thar coal-based Power Project	Oracle Coal Fields PLC England	Thar Block VI, Sindh	Coal	1,320	-
12.	Rajdhani Hydropower Project	-	Poonch River AJ&K	Hydel	132	Included in IGCEP 2022-31 with OD by July 2029 FS updating through AFD Consultant in process
<b>Sub Total (Candidate Projects in the IGCEP Portfolio)</b>					<b>2,924</b>	
<b>To be processed as per requirements of new capacity in the IGCEP</b>						
13.	Kaigah Hydropower Project	-	Kaigah, Indus River, KP	Hydel	548	-
14.	Chakohti Hattian Hydropower Project	-	Muzaffarabad, AJ&K	Hydel	500	
15.	Neckeherdim-Paur Hydro-power Project	-	Yarkun River, Chitral Valley KP	Hydel	80	
<b>Sub Total (To be processed as per the requirements of new capacity in the IGCEP)</b>					<b>1,128</b>	
<b>Grand Total</b>					<b>7075</b>	



# Corporate Brilliance

## **FINANCE & POLICY:**

The Finance & Policy Section of PPIB deals with financial and policy matters, provides facilitation to IPPs in various matters including but not limited to project financing, working capital, review of feasibility studies and resolution of tax matters of IPPs as per relevant power policies etc. It also renders support and provides inputs to Ministry of Energy (Power Division) in matters pertaining to power sector, preparation of various financial models to analyze the impact on tariffs, analyze debt re-structuring and additional financing requirements of IPPs from time to time, review financial aspects in EOI, RFP and bidding documents, review term sheets of IPPs for achievement of FC to analyze sufficiency of funds for development of respective projects and mitigate the risk matrix for GOP under the IAs. It also reviews and negotiates commercial and financial matters related to IA and various other project agreements. This Section is also responsible for ensuring compliance of relevant power policies and also assists Ministry of Energy (Power Division) for updating the power policy(ies) in respect of changing power market dynamics. Furthermore, it also reviews proposed amendments to the sovereign agreements/guarantees and the financing terms and conditions to evaluate their impact on the tariff and GOP's potential liabilities.

## **LEGAL & REGULATORY FRAMEWORK:**

PPIB has a dedicated Law Section which advises on laws, regulations and corporate commercial law issues, negotiates and drafts project agreements and monitors and advises in conduct of litigations and international arbitration matters and last but certainly not the least, the security package documents of the commissioned as well as upcoming IPPs.

## **HUMAN RESOURCE MANAGEMENT:**

Human Resource Management plays active role in the strategic positioning of PPIB. PPIB as an organization is at forefront to mitigate power shortages in the country. We can safely say that PPIB is a world class organization of professionals which has so far managed successful induction of 46 IPPs of 22,174 MW of power and a mega HVDC Transmission Line Project with cumulative investment of more than US\$ 28 billion. It is important to mention that in 2022-23, PPIB has been able to energize the national grid with four IPPs of 3,243 MW carrying 4 billion USD FDI. Undoubtedly, PPIB has been able to achieve all these



unprecedented accomplishments through dedicated efforts of its human capital by aligning organizational goal with human capital goal. Possessing advance degrees in their fields, wide variety of experience and dedication have groomed the employees of PPIB to a degree where with the expertise, which is a unique blend of engineering techniques, contract administration abilities, practice of solving legal riddles, project management proficiency, negotiation skills, financial dexterity and IT skills, they can handle complex issues arising out at different stages of projects' processing.

We at PPIB, ensure strong emphasis on development of policies and systems that nurture human capital. Throughout the fiscal year 2022-23, the HR Section of PPIB assumed a prominent and instrumental role in the realization of the PPIB's strategic plans and objectives, particularly in the realm of enhancing and harnessing the potential of human capital. It involved implementing comprehensive training and development programs, fostering a culture of continuous learning, attracting top talent, and support a diverse and inclusive workplace environment. These efforts not only contributed to the PPIB's overall performance but also ensured that it remained competitive in today's dynamic labor market. In short, HR Section of PPIB was instrumental in elevating employee performance and nurturing its most valuable asset, its human capital, to achieve organization's strategic goals and sustain long-term success.

### **Employee Engagement**

Capacity building is considered as a dynamic process and it is the top priority of HR Section. At PPIB, development of the human capital is planned strategically in order to enhance their self-development and self-management which contribute in the fulfilment of the strategic objectives of the organization. PPIB endeavors to enhance overall knowledge bank of PPIB. We update our training need assessment mechanism and follow the same through feedback and follow ups.

HR Section organized multiple local and foreign trainings for 51 employees of PPIB in the fields of soft skills, analytics, management, renewable power sector, CTBCM etc. from various outlets that include, inter alia, Pakistan Institute of Management (PIM), Lahore University of Management Sciences (LUMS), National Electric Power Regulatory Authority (NEPRA), Centre for Economic Research in Pakistan (CERP), Korea International Cooperation Agency (KOICA) and Power Sector Improvement Activity (PSIA). The trainings were aimed to enhance the human capital development of PPIB employees. Furthermore, a Consultant from renowned training firm M/s Schuitema (Human Excellence Group) delivered an in-house session on their tailored-made "The Care & Growth Model of Leadership" to the senior management of PPIB which was also attended by Managing Director PPIB. Immersing participants in an intellectually invigorating journey, this cutting-edge leadership training program delved deep into various leadership concepts. By skillfully harnessing these innovative ideas, participants were empowered to elegantly navigate the intricate maze of leadership styles, hence averting potential pitfalls along the way.



In addition to that, HR Section coordinated several sessions on CTBCM through Mr. Abid Latif Lodhi, Director Power Market Operations, Energy & Security Group LLC (ESG) – USAID Subcontractor. Furthermore, for the capacity building of PPIB executives with respect to CTBCM, several officials were sent on trainings on Electricity Market Professional (EMP) programme to Power Sector Centre of Excellence (PSCE) organized by CPPAG at LUMS, Lahore.



### Recruitment, Selection and Retention

The HR Section demonstrated its effectiveness by skillfully managing recruitment, selection, and retention policies. It acknowledges the potential within its current employees pool and proactively facilitates opportunities for deserving individuals to advance into more senior roles, thereby contributing significantly to employee retention efforts. In addition to the regular recruitments, PPIB encourages the fresh graduates in the fields of engineering, IT, Law, HR and Finance to work at PPIB on internship basis to gain valuable knowledge and experience.

During FY 2022-23, PPIB welcomed an accomplished duo of (2) executives and added (7) highly skilled staff members to its ranks. With this influx of talent, the total PPIB family swelled to an impressive (103) dedicated employees. Additionally, (3) distinguished executives bid farewell to PPIB after concluding their tenures, leaving behind a legacy of excellence.



### Merger of AEDB with PPIB

Another major milestone achieved during the FY 2022-23 was the merger of Alternative Energy Development Board (AEDB) with Private Power & Infrastructure Board (PPIB). The amendment in the Private Power and Infrastructure Board, Act 2012 (VI of 2012) namely "Private Power and Infrastructure Board (Amendment) Act, 2023" was passed by the National Assembly of Pakistan on 29th March 2023 and by the Senate on 5th May 2023. The bill was enacted into an Act after the assent of the President of Pakistan on May 31, 2023, published in the Gazette of Pakistan on June 10, 2023 and notified to PPIB on July 10, 2023. The HR Section of PPIB played a critical role in it by bringing on board a renowned HR Consultant M/s ABACUS after following due process as per PPRA Rules 2004, to propose a fair and reasonable merger plan. The process reached the final stages of completion by end of FY 2022-23 and expected to wrap up in the first quarter of 2023-24.

### Long Service Awards

To commemorate more than decade long association of PPIB employees, crystal shields were being prepared to honor their commitment and dedication. It serves as a token of appreciation that PPIB exhibits towards its employees. The crystal shields are a testament to the strong foundation of trust and teamwork that defines the PPIB cohesive framework and it reflects PPIB's commitment to its employees' growth and well-being. This gesture is a way of saying "thank you" and looking forward to many more years of collaboration and shared success.





### Extracurricular Activity

HR Section firmly believes that physically fit and active employees outperform those with little physical activity. In light of this belief, the HR Section organized cricket matches among various sections of PPIB to encourage healthy competition and promote physical fitness. These cricket matches have not only fostered a sense of camaraderie among employees but have also served as a platform for team building and enhancing interdepartmental relationships. The HR Section plans to make these matches a regular feature in the company's calendar, recognizing that physical activity is not only beneficial for individual health but can also boost overall workplace morale and productivity.



### Information and Communication Technology

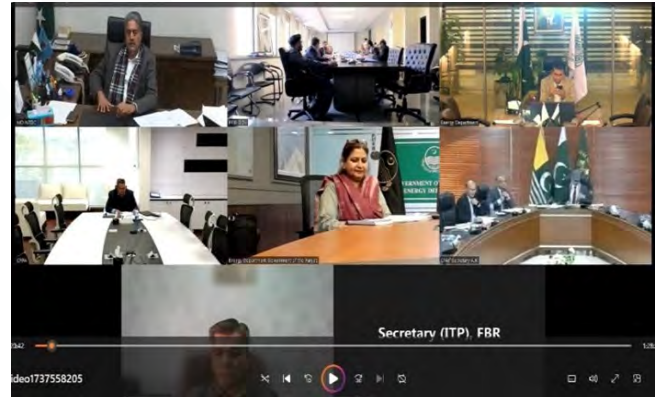
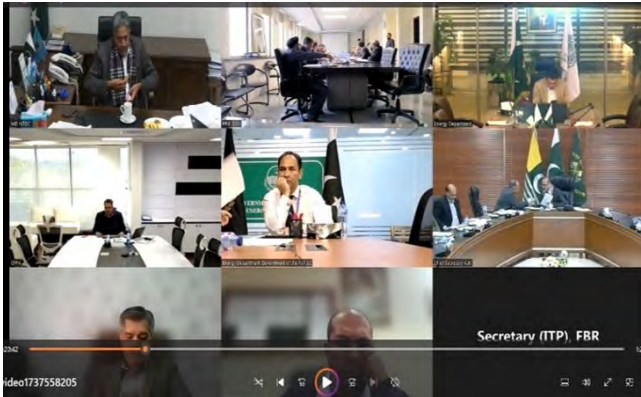
The role of Information and Communication Technology (ICT) in organizations is multifaceted and an integral part in modern business operations. It plays a vital role in enhancing efficiency by enabling innovations and improves decision-making. Thinking in ICT is the key to success in modern corporate world.

ICT acted as a bridge between PPIB and outer world. Multiple virtual meetings conducted during the year that saved the travelling cost & most importantly the precious time of our experts. Moreover, joining experts during meetings make it more flexible and result oriented. Numerous sessions including Board Meetings, Project Committee, Audit & Finance Committee and HR Committee meetings held virtually during the year.

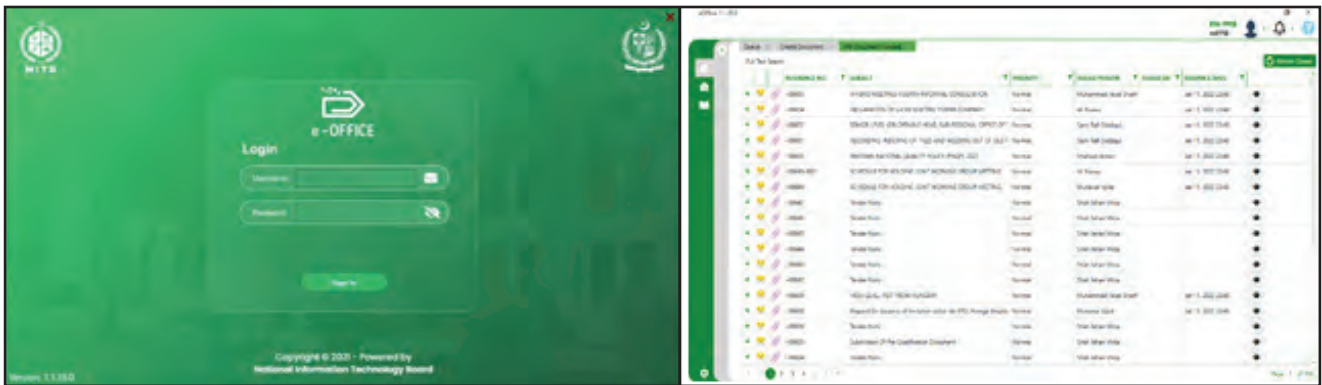


136th Board Meeting of PPIB

137th Board Meeting of PPIB



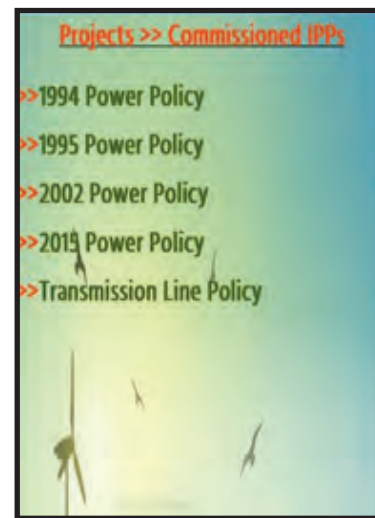
While following GoP's E-Office initiative, PPIB has fully implemented E-office at its premises and the former AEDB for a transparent and paperless environment.



Right information to right person at right time is the ultimate goal of ICT section at PPIB. Same has been achieved through DSS, digitized record, prior milestones alert system & regular projects' data up-dation. Information is available to top management at one click even on handheld devices.



The different outlook of information for management are as follow:



Project Name	Status	Date	Other Details
1000-1000MW Quao-Ayran Thermal Power Project	...	...	...
1150-1400 MW RLNG Power Project by PPS	...	...	...
1223MW(Gross) RLNG based Combine Cycle Power Plant at Bahak, Dist Kasur Punjab	...	...	...
1230MW(Gross) RLNG based Combine Cycle Power Plant at Havel Bahakur Shah, Dist Jhang Punjab	...	...	...
1225MW Coal Fired Project at HSB-HSB Power Company Ltd	...	...	...
1225MW Imported Coal at Qadirabad by Huaming Shanzhong Raji (Pakistan) Energy (Pvt) Limited	...	...	...
2400MW Imported Coal Based PP-Power China(SinoHydro Resources) Mirpur Capital Qatar	...	...	...
600MW(2x300MW) Turb Coal-Edgcs Powergen Ltd	...	...	...
AES Lalpur Limited	...	...	...
AES Pak Gen (Pvt) Co	...	...	...
Altern Energy Limited	...	...	...
Attaq Power Project, Sherali Investment (Pvt) Ltd (ATT)	...	...	...
Attaq Power Project	...	...	...

As far as merger of AEDB with PPIB is concerned, a comprehensive IT pre-merger activity chalked out which will be executed in the coming year.

## Media and PR Activities

The explosion of information revolution and the proliferation of electronic media have virtually converted the world into a globalized village. Now, information, news and events have no barriers and control to reach anywhere around the world.

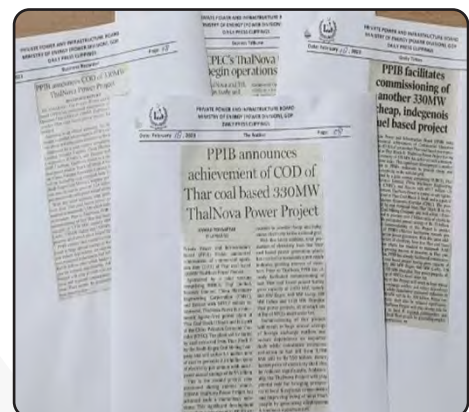
In the context of image building, public relations focus on shaping and managing the perceptions, reputation, and overall image of the organization. Publicizing a success or achievement is as important as the success itself. In terms of generation of electricity particularly from indigenous Thar coal resources, year 2023 was very productive for PPIB, as several unique accomplishments and honours were earned by PPIB during implementation process of power generation projects.

For circulating the laurels mentioned throughout this Annual Report, ongoing activities and future plans/targets of PPIB, promotional news releases / articles were widely circulated / published using different modes of communication which received encouraging feedback. In order to ensure maximum circulation, press releases with photographs were issued in English and Urdu languages besides posting at social media (twitter) and PPIB's website. During 2022-23, PPIB succeeded in completion of three indigenous Thar coal based power generation projects of 1,980 MW and one RLNG based 1,263 MW project.

- 1320 MW Shanghai Thar coal based power project
- 330 MW Thar Energy Limited Thar coal based power project
- 330 MW ThalNova Thar coal based power project
- 1263 MW RLNG based Punjab Thermal Power Project

To update the masses regarding above-mentioned accomplishments, PPIB actively disseminated press releases across print, electronic, and social media platforms, in addition to uploading on its official website. This multi-channel approach ensured that the vital news / information reaches to public effectively.

As a result of efficient media campaign, leading newspapers of country covered PPIB's accomplishments, and received compliments for earning such a unique greatness. Ample coverage was given in the news bulletins and tickers were flashed on TV channels, while different state-owned and private news agencies also covered PPIB's news. While circulating PPIB's achievements, the masses have also been given awareness about the power sector and informed about progress in the development of other ongoing power projects. The message regarding reduction in the power crisis was effectively spread besides highlighting salient features of existing power policies of the government.





There are various other important bipartite and tripartite activities involved in processing of a power generation project such as tariff determination, land acquisition, generation license, environmental clearance, LOI, LOS, IA, PPA, WUA, CSA, TSA, DIA, FSA, FC, WCDA etc. During 2022-23, PPIB has achieved substantial progress in handling complex issues of upcoming projects, consequently, achieved development work of several ongoing projects at accelerated pace. In addition, various other activities which include meetings, events, seminars, conferences etc were also held during 2022-23 and most of them were effectively covered through social media platform and PPIB's website.

- ◆ Scholars Visit (USAID) to PPIB Office on Power Sector Improvement Activity (PSIA) on 21.06.2023
- ◆ Meeting with Centre for Economic Research in Pakistan (CERP) 07.06.2023  
Merger Get-together Photos 07.06.2023
- ◆ Meeting with Korea delegation for development of hydropower projects on 30.05.2023
- ◆ Working Capital Direct Agreement (WCDA) of Engro - 27.04.2023
- ◆ WCDA Orient Power - 04.04.2023
- ◆ Meeting with Tractebel for promotion of hydropower - 09.03.2023
- ◆ Meeting Regulation of Water inflow into Mangla Reservoir from Azad Pattan - 07.02.2023
- ◆ Inauguration of Day-care centre in PPIB 07.02.2023
- ◆ Meeting with China Renewable Energy Engineering Institute on 06.01.2023
- ◆ 2nd International Hydropower Conference - Pakistan 2022 held on 21.12.2022
- ◆ 7th meeting of Energy Planning Expert Panel (EPEP) at PPIB on 19.10.2022
- ◆ Meeting with Chinese Ambassador 18.10.2022
- ◆ Meeting on Development of Gwadar Project on 15.09.2022
- ◆ Seminar on Leadership Growth Model - 26.08.2022
- ◆ WCDA Hubco-Narowal 23.08.2022

Additionally, interviews of the Managing Director PPIB were also arranged for mainstream electronic and print media wherein the Managing Director highlighted sectoral overview, merger of AEDB with PPIB, potential of indigenous and alternative & renewable energy in Pakistan and its future prospects, latest developments & ongoing endeavors of PPIB for developing power sector and future targets particularly in the backdrop of AEDB-PPIB merger and assuming the role of IAA in near future.



**MD PPIB giving interview to The News on Power Sector of Pakistan**



During media interactions, Managing Director effectively elaborated PPIB's performance with great eloquence, that having extended list of success stories on its credit, PPIB enjoys a unique status among other stakeholders. Starting from implementing IPPs program in 1994, 2002 and 2015, efficient handling of gigantic CPEC energy chapter, successful delivery of hydro and indigenous Thar coal based IPPs and transmission line project for the first time in the energy history of country, long list of upcoming hydro based IPPs and processing Small Hydropower Projects are some of the iconic highlights of PPIB's excellent track record.

In order to avoid conflicts / adverse reporting, PPIB has always been prompt in responding to certain queries and clarifications raised by journalists/reporters from time to time. Due to effective media management, PPIB has been able to develop soft image of the organization as One Window facilitator among the investors, media, stakeholders and the general public. PPIB strongly believes in maintaining affable relationship with the media fraternity for which supply of real time information on regular basis is the key factor. PPIB is fully committed to further excel and continue the momentum of registering new and unique success stories in the years to come and keep print, electronic and social media players on-board for updating the masses about latest developments in the power sector.

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# Pictorial View of Important Events

## Events / Activities

WCDA Hubco – Narowal 23.08.2022





### Seminar on Leadership Growth Model-26.08.2022



### Meeting with Chinese Ambassadors -18.10.2022





### 7th EPEP Meeting-19.10.2022



### 2nd International Hydropower Confernece-21.12.2022





### Scholars Visit to PPIB-21.01.2023





**Get Together of PPIB Employees - 01.02.2023**



**Meeting on Regulation of Water Inflow-07.02.2023**





### Inauguration of Daycare Facility at PPIB - 07.02.2023



### WCDA of Orient Power-04.04.2023





**Signing Ceremony of NESPAK-05.04.2023**



**MD interview by "The News" Media Team -06.04.2023**





### WCDA of Engro Power-27.04.2023



### Korean Delegation Visit-30.05.2023





Meeting with CERP-07.06.2023



PPIB - AEDB Merger Get together-07.06.2023





# AUDITED STATEMENT OF INCOME AND EXPENDITURE, BALANCE SHEET OF PPIB FOR THE YEAR 2022-23

Since its inception PPIB follows a standard practice to have annual accounts audited by renowned accountant firms. The accountancy firm category "A" is selected from the panel of State Bank of Pakistan and thereafter appointed on approval of the Board of PPIB. The accountancy firm is changed after every three years.

The accounts for the period 2022-23 have been audited by RIAZ AHMAD & COMPANY, Chartered Accountants are placed at Appendix-II. The auditors have issued an un-qualified report.



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# Appendices

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## Appendix - I

# Financial Statement For The Year Ended 30 June 2023



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board Members of Private Power and Infrastructure Board**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the annexed financial statements of Private Power and Infrastructure Board ("PPIB") which comprise the statement of financial position as at 30 June 2023, and the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in fund, and statement of cash flows for the year ended 30 June 2023 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PPIB as at 30 June 2023 and its financial performance and its cash flows for the year ended 30 June 2023 in accordance with the accounting and reporting standards as applicable in Pakistan.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the PPIB in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Emphasis of matter**

We draw attention to note 1.3 to the financial statements, wherein it is stated that with effect from 10 June 2023 AEDB merged into PPIB. Our opinion is not modified in respect of this matter.

##### **Other matter**

The financial statements of PPIB for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 13 March 2024.

##### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirement of PPIB Act, 2012, the requirements of the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act, 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PPIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PPIB's financial reporting process.

# Riaz Ahmad & Company

Chartered Accountants

## Auditor's Responsibilities for the Audit of the Financial Statements

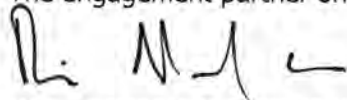
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PPIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**ISLAMABAD**

**Date:** 05 December 2025

**UDIN:** AR202310187wtlozCOSi

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 (Rupees in thousand)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	239,255	167,020
Intangible asset	7	208	498
Lease receivable	8	485,368	-
Loans and advances	9	37,592	40,722
Deferred income tax asset	10	-	-
		<u>762,423</u>	<u>208,240</u>
<b>CURRENT ASSETS</b>			
Current portion of lease receivable	8	27,782	-
Advances and other receivables	11	13,407	39,357
Advance income tax	12	8,640	11,678
Short term investments	13	4,305,711	2,228,897
Cash and bank balances	14	454,118	142,879
		<u>4,809,658</u>	<u>2,422,811</u>
<b>TOTAL ASSETS</b>		<u>5,572,081</u>	<u>2,631,051</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	15	257,855	36,503
Leave encashment	16	103,854	-
		<u>361,709</u>	<u>36,503</u>
<b>CURRENT LIABILITIES</b>			
Provision against performance guarantees encashed	17	2,047,358	875,686
Employee benefits obligations	18	106,369	38,644
Current portion of lease liabilities	15	240,329	30,829
Accrued and other liabilities	19	332,942	168,800
		<u>2,726,998</u>	<u>1,113,959</u>
<b>TOTAL LIABILITIES</b>		<u>3,088,707</u>	<u>1,150,462</u>
<b>NET ASSETS</b>		<u>2,483,374</u>	<u>1,480,589</u>
<b>REPRESENTED BY:</b>			
PPIB Fund	20	2,483,374	1,480,589
		<u>2,483,374</u>	<u>1,480,589</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21		

The annexed notes form an integral part of these financial statements. *Das*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 (Rupees in thousand)	2022
<b>INCOME</b>			
Income from operations	22	861,401	461,870
Income from financial assets	23	694,328	251,390
Other income		63	23,619
		<u>1,555,792</u>	<u>736,879</u>
<b>EXPENDITURE</b>			
Salaries and benefits	24	635,050	578,573
Repair and maintenance	25	11,875	8,577
Printing and stationery		2,838	3,035
Professional and legal services fee		63,226	4,062
Board meeting		1,839	2,554
Traveling		7,487	5,970
Telephone, fax, postage and courier		2,328	2,072
Fixed assets insurance		2,405	1,444
Utilities		13,824	11,740
Audit fee	26	625	557
Depreciation on operating fixed asset	6.1	8,728	11,006
Depreciation on right of use asset	6.3	53,233	40,964
Amortization	7	290	1,092
Finance cost	27	15,641	1,518
Advertisement		645	1,100
Other expenses	28	12,270	12,270
		<u>832,304</u>	<u>686,533</u>
<b>SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAX</b>		<u>723,488</u>	<u>50,346</u>
Taxation	29	(82,334)	(19,475)
<b>SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX</b>		<u><u>641,154</u></u>	<u><u>30,871</u></u>

The annexed notes form an integral part of these financial statements. *Raw*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	(Rupees in thousand)	
<b>SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX</b>	641,154	30,871
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that subsequently maybe reclassified to income and expenditure	-	-
Items that will not be subsequently reclassified to income and expenditure		
Remeasurement gain on gratuity	33,708	36,634
	33,708	36,634
<b>TOTAL COMPREHENSIVE SURPLUS OF INCOME OVER EXPENDITURE</b>	674,862	67,505

The annexed notes form an integral part of these financial statements. *Raw*

  
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**MANAGING DIRECTOR**

  
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**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 30 JUNE 2023**

	(Rupees in thousand)
<b>Balance as at 1 July 2021</b>	1,413,084
Surplus of income over expenditure	30,871
Other comprehensive income for the year	36,634
Total comprehensive income for the year	67,505
<b>Balance as at 30 June 2022</b>	1,480,589
Surplus of income over expenditure	641,154
Other comprehensive income for the year	33,708
Reserve on merger	327,923
Total comprehensive income for the year	1,002,785
<b>Balance as at 30 June 2023</b>	2,483,374

The annexed notes form an integral part of these financial statements. Rao,

  
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**MANAGING DIRECTOR**

  
\_\_\_\_\_  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 June 2023**

		2023	2022
	Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus of income over expenditure		723,488	50,346
<b>Adjustments for non-cash and other items:</b>			
Depreciation on fixed assets	6.1	8,728	51,970
Depreciation on right of use	6.3	53,233	-
Amortization	7	290	1,092
Finance income on lease receivable	8	(4,071)	-
Return on investments		24,584	(51,822)
Dividend income	23	(7,328)	(2,631)
Income on bank deposits	23	(45,009)	(10,402)
Interest on loan to employees	23	(8,552)	(5,647)
Provision for staff gratuity	18.2.2	29,094	30,951
Provision for leave encashment	18.1	16,330	19,054
Finance charge on lease liability	27	15,502	1,469
Unrealized foreign exchange gain - net	23	(316,520)	(180,888)
		489,769	(96,508)
<b>Effect of working capital changes:</b>			
Disbursement of loan to employees		(38,261)	(24,803)
Loan repaid by employees		56,603	28,537
Decrease in advances and other receivables		10,738	(6,363)
Increase in accrued and other liabilities		84,961	30,556
		114,041	27,927
<b>Cash flows generated from / (used in) operations</b>		603,810	(68,581)
Gratuity paid	18.2.3	(11,231)	-
Leave encashment paid	18.1	(16,917)	(17,769)
Taxes paid		(77,357)	(33,681)
		(105,505)	(51,450)
<b>Net cash generated from / (used in) operating activities</b>		498,305	(120,031)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(39,878)	(13,044)
Profit on provident fund		337	-
Return on bank deposits		40,088	10,383
Interest on loan to employees	23	8,552	5,647
Dividend received	23	7,328	-
Return on investments received		102,572	291,796
Investment encashed / (made) - net		38,090	(139,447)
<b>Net cash from investing activities</b>		157,089	155,335
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities	15	(54,867)	(85,051)
<b>Net cash used in financing activities</b>		(54,867)	(85,051)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		600,527	(49,747)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		142,879	192,626
Exchange gain		(289,288)	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		454,118	142,879

The annexed notes form an integral part of these financial statements. *Rao*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1 LEGAL STATUS AND OPERATIONS**

- 1.1 Private Power and Infrastructure Board (PPIB) was initially constituted in August 1994 under a Federal Government Notification to act as one window organization on behalf of all the agencies and Ministries of the Government of Pakistan (GOP) to process and facilitate private sector power projects, monitor their performance and perform all other related functions. The general management and administration of affairs of the PPIB vests in the Board constituted under section 7 of the Act. The registered office of PPIB is situated at Mauve Area, Sector G-8/1, Islamabad.
- 1.2 Subsequently, Private Power and Infrastructure Board Act No. VI of 2012 (the Act), was enacted on 2 March 2012 for establishment of Private Power and Infrastructure Board (PPIB) as a body corporate. Consequently, the formation constituted in August 1994 stood dissolved and savings were provided for succession of various matters relating to defunct formation. As per the Act, PPIB is entrusted with specified objectives and responsibilities including implementing the power policies of the Government of Pakistan, the development and implementation of power projects and related infrastructure in the private sector and on public-private partnership basis, enter into agreements & contracts, to provide for matters connected therewith or incidental thereto, etc.
- 1.3 Pursuant to the enactment of the Private Power and Infrastructure Board (Amendment) Act, 2023, the Alternative Energy Development Board (AEDB) has been officially merged with the Private Power and Infrastructure Board (PPIB), effective from 10 June 2023. This merger was undertaken in view of the overlapping mandates of both autonomous entities, particularly in the implementation of policies, programs, and projects related to alternative and renewable energy technologies. With the dissolution of AEDB, all its resources, grants, rights, powers, funds, liabilities, and associated responsibilities have been transferred to PPIB.

As of the effective date of common control transactions, the Board has recognized in its financial statements the assets and liabilities received from AEDB at their carrying amounts using the audited financial statements of AEDB as at 10 June 2023.

There are no fair value adjustments to the assets and liabilities and recognition of new assets or liabilities as a result of merger.

The Board has recognized the carrying amount of the net assets transferred from AEDB within PPIB's fund.

The statement of income and expenditure of the PPIB reflects the combined result of the PPIB and AEDB from the date of common control transaction.

The pre combination financial information is of the PPIB only; and

There are no significant differences in the accounting policies of the PPIB and AEDB, accordingly no adjustment has been made.

As a result of common control transaction, the below assets and liabilities of AEDB have been transferred into PPIB during the year as at 10 June 2023.

	<b>(Rupees in thousand)</b>
<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
Property and equipment	58,770
Land lease receivable	481,297
	540,067
<b>CURRENT ASSETS</b>	
Current portion of lease receivable	27,782
Investments	272,795
Bank balances	258,681
	559,258
<b>TOTAL ASSETS</b>	<b>1,099,325</b>
<b>LIABILITIES</b>	
<b>NON-CURRENT LIABILITIES</b>	
Provident fund payable	78,844
Employee benefits obligations	188,011
Lease liabilities	243,224
	510,079
<b>CURRENT LIABILITIES</b>	
Provision against performance guarantees encashed	37,291
Current portion of lease liabilities	191,443
Accrued and other liabilities	32,589
	261,323
<b>TOTAL LIABILITIES</b>	<b>771,402</b>
<b>Amount recognized in PPIB fund</b>	<b>327,923</b>
<b>Cash and cash equivalents transferred from AEDB upon merger</b>	
Accrued interest	22,792
Cash and bank balances	258,681
	281,473

## 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared to comply with the requirements of the PPIB Act, 2012 which requires the preparation of financial statements. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB); and
- Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where the requirements of SOE Act and the SOE Policy or the directives issued thereunder differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference.

## 3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

### a) Amendments to published approved accounting standards that are effective in current year and are relevant to the Board

Following amendments to published approved accounting standards are mandatory for the PPIB's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'; and
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

**b) Amendments to published approved accounting standards that are effective in current year but not relevant to the Board**

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the PPIB's financial statements and are therefore not detailed in these financial statements.

**c) Amendments to published approved accounting standards that are not yet effective but relevant to the Board**

Following amendments to existing standards have been published and are mandatory for the PPIB's accounting periods beginning on or after 01 July 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

The above amendments and improvements are likely to have no significant impact on the financial statements.

**d) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Board**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Board's financial statements and are therefore not detailed in these financial statements.

**h) Applicability of SOE Act, 2023**

The PPIB falls within the scope of the State-Owned Enterprises (Governance and Operations) Act, 2023 ("SOE Act") under Section 3, which requires all SOE's to prepare their financial statements following the requirement of International Financial Reporting Standards.

Section 25(2) of the SOE Act states:

"The financial statements must be prepared in accordance with International Financial Reporting Standards and the financial statements together with the notes to them must include all information that is necessary to ensure that the financial statements give a true and fair view of the financial position of the state-owned enterprise provided that where a state-owned enterprise is not following the International Financial Reporting Standards at the time of coming into effect of this Act, the Board shall ensure compliance with this provision within a period of three years from coming into effect of this Act."

Further, ICAP Circular No. 3/2025 issued pursuant to clarification from the Finance Division, Government of Pakistan confirms that this requirement applies to all public sector companies within the SOE Act's scope, and that "IFRS as notified by SECP" or the use of SECP-granted exemptions will not be permissible for financial statements issued after 30 January 2026.

#### **4. Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

Judgments and estimates made by the management that may have a risk of material adjustments to the financial statements in subsequent years are as follows:

- a) Estimated useful life of operating fixed assets (note 6.1) and intangibles (note 7)
- b) Lease term and effective interest rate of lease contracts for lease liabilities (note 15.1) and right of use assets (note 6.3)
- c) Taxation (note 29)
- d) Revenue from contracts (note 22)
- e) Present value of staff retirement benefits (note 18)
- f) Lease receivable (note 8)

#### **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **5.1 Basis of measurement**

These financial statements have been prepared on the basis of historical cost convention, except as otherwise stated in respective notes.

##### **5.2 Functional Currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Board operates. These financial statements are presented in Pakistani Rupees, which is the functional currency of PPIB.

##### **5.3 Property and equipment**

###### **a) Cost**

Operating fixed assets except those transferred from defunct formation and leasehold land are stated at cost less accumulated depreciation and impairment loss (if any). Property and equipment transferred from defunct formation are stated at assigned values less depreciation and impairment loss (if any) with corresponding credit to a property and equipment reserve which has been amortized in full over the useful life of these assets. Leasehold land is carried at cost less impairment, if any.

Subsequent costs are included in the assets' carrying amount when it is probable that future economic benefits associated with the item will flow to PPIB and cost of the item can be measured reliably. Carrying amount of the replaced part is de-recognized.

###### **b) Depreciation**

Depreciation is charged to income and expenditure statement applying the straight line method at the rates mentioned in note 6 to these financial statements, whereby the cost of an asset is written-off over its estimated useful life, taking into account any expected residual value. Depreciation is charged on pro-rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

###### **c) Repairs and maintenance**

The cost of the day-to-day servicing of operating fixed assets are recognized in the income and expenditure statement as incurred.

#### d) **Gains and losses on disposal**

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure statement when the asset is derecognized.

All other repairs and maintenance are charged to income during the year. Gain and losses on disposal of property and equipment are included in the income and expenditure account currently.

Capital Work-in-Progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets, capital stores and intangible assets in the course of their acquisition, construction and installation.

#### 5.4 **Intangible assets**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the PPIB and that cost of such an asset can also be measured reliably.

Intangible assets are measured on initial recognition at cost, being the fair value of the consideration given. Following the initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. PPIB does not have an intangible asset with indefinite useful life. Intangible assets with finite useful lives are amortized over the period of their useful economic life. PPIB's intangible assets with finite useful lives includes software which are amortized on a straight line basis at the rate mentioned in note 7 to these financial statements from the month the asset is available for use and amortisation is recognised in income and expenditure account.

In respect of additions and disposals of intangible assets made during the year, amortization is charged to the income and expenditure statement when it is available for use till disposal.

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits, embodied in the intangible assets, are accounted for by changing the life or amortization method, as appropriate, and treated as a change in accounting estimate. The recognized expense on intangible assets with finite lives is recognized in the income and expenditure statement in the expense category, consistent with the function of the intangible asset.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount. The recoverable amount of intangible asset is greater of the value-in-use and fair value less cost to sell.

#### 5.5 **Leases**

The PPIB assesses whether a contract is or contains a lease at the inception of a contract and whether the contract conveys the right to control the use of underlying asset for a period of time in exchange of consideration.

##### i) **Right of use assets**

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

## ii) **Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the PPIB's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the PPIB will exercise a purchase, extension or termination option that is within the control of the PPIB.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income and expenditure statement if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between a reduction of the liability and a finance cost. The finance cost is charged to the income and expenditure statement as finance cost over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## iii) **Lease Receivable**

The Board accounts for leases where it acts as a lessor in accordance with IFRS 16 – Leases. A lease is classified as either a finance lease or an operating lease, depending on whether substantially all the risks and rewards of ownership are transferred to the lessee. If substantially all risks and rewards are transferred, the lease is classified as a finance lease. Otherwise, it is classified as an operating lease.

For operating leases, the leased asset remains on the statement of financial position and continues to be depreciated according to the Board's accounting policy. Lease income from operating leases is recognized on a straight-line basis over the lease term.

For finance leases, the Board derecognizes the underlying asset and recognizes a lease receivable at an amount equal to the net investment in the lease. Finance income is recognized over the lease term using a rate that reflects a constant periodic return on the net investment. Any gain or loss arising from derecognition is recorded in profit or loss.

Lease modifications are assessed to determine their impact on lease classification. If a finance lease is modified in a way that results in a new lease agreement, a new lease receivable is recognized. If an operating lease is modified, the lease continues to be recognized, and any changes are applied prospectively.

## 5.6 **Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 5.7 **Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of income and expenditure, as incurred.

### (i) **Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The charge for current tax also includes adjustment, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

## **(ii) Deferred tax**

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income and expenditure statement, except to the extent that it relates to items recognized in other comprehensive income or directly in the fund. In this case the tax is also recognized in other comprehensive income or directly in the fund, respectively.

## **5.8 Provisions and contingencies**

Provisions are recognized in the statement of financial position when the PPIB has a present legal or constructive obligation as a result of past event and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

A contingent liability is disclosed when PPIB has a possible litigation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PPIB; or the PPIB has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## **5.9 Foreign currencies**

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak rupee at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are charged to income for the current year.

## **5.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and investments that are highly liquid, readily convertible to known amounts of cash with insignificant risk of changes in value and have original maturity period of three month or less from the date of acquisition.

## **5.11 Revenue recognition**

Revenue is measured at an amount which reflects the consideration to which AEDB expects to be entitled in exchange for transfer of services to the customers and revenue is recognized upon the transfer to control of services to the customers. Control of services transfers over time or at a point in time, which affects when revenue is recorded. Revenue from providing services is recognized in the accounting period in which the services are rendered. If service realization extends to more than one accounting period output method is used to measure progress towards completion. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved.

Specific recognition criteria is as follows:

- Registration fee, facilitation fee, certification fee for net metering and Project processing fee are non-refundable and received upfront. Given that these fees are received upfront and there is no significant time gap between the receipt of fees and the provision of associated services, revenue is recognized at the time the fee is received.

- Facilitation fee relating to issuance of Letter of Intent (LOI) is received upfront and it is non-refundable fee. the fee is recognized upon issuance of LOI.

- Consultancy fee/project processing fee is non-refundable fee received after the issuance of letter of support (LOS), covering the facilitation provided under the LOS and engagement of legal counsel for negotiation of project agreements. The fee is recognized upon receipt.

Revenue from fee for registration, request for quotation, expression of interest, project processing, achievement of financial close, design change, achievement of COD and change in shareholding are recognised when the services are rendered i.e the performance obligation is met, which coincides with the timing of receipt of fee for these services. Whereas, for extension and issuance of letter of intent (LOI) and letter of support (LOS) revenue is recognized on meeting performance obligation which coincides with timing of receipt of fee for same subject to approval of Board.

Proceeds from encashment of performance guarantees is recognized as income in the year in which the guarantee is encashed and the management believes that the outcome of the transaction can be estimated reliably.

Revenue is charged as per the rates notified by PPIB for the respective heads of fee and includes annual fee.

Annual fee failed the collectability criteria and therefore accounted for on a cash basis as referred to note 22.1

#### 5.12 **Income on financial assets**

Income on bank balances and investments is accounted for on a time proportion basis using the applicable rates. Dividend income is recognized when the right to receive dividend is established.

#### 5.13 **Accrued and other liabilities**

Liabilities for accrued and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the PPIB.

#### 5.14 **Employee benefits**

Salaries, wages and benefits are accrued in the period in which associated services are rendered by employees. The accounting policy for provident and gratuity benefits are described below:

##### **Defined Contribution Plan**

PPIB operates and manages a recognized contributory provident fund for all its permanent employees. The fund was recognized by Commissioner Income Tax on 22 June 2021 with effect from February 2018.

Equal monthly contributions are made by PPIB and employee @ 5% (AEDB employees @ 10%) of basic salary. Contributions are charged to income and expenditure account.

##### **Defined Benefit Plan**

PPIB has in place a defined benefit funded gratuity for all employees who complete qualifying period of service and age. Further, a funded gratuity plan provided for in AEDB using actuarial valuation amounting to Rupees 84.157 million is transferred to PPIB upon merger.

The fund is administered by trustees. Annual contributions to the gratuity fund are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 18 to the financial statements. The obligation at the reporting date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at 30 June, 2023.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in income and expenditure account when they occur.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

##### **Leave encashment**

PPIB also has a policy whereby all its employees are able to encash accumulated leave balance as per PPIB service rules. Provision is made in the financial statements for the amount payable on account of unavailed leave balance of the employees. Provision for leave encashment is made for unavailed leave balance as at period end at the rate of 2.5 days for every calendar month of duty period rendered by him. The amount is payable at the end of each year.

AEDB which has now been merged into PPIB had a policy to provide for cashable compensated absences of its employees at the time of retirement. Provision based on the actuarial valuation of the scheme carried out as at 30 June 2023 amounting to Rupees 103.854 million using the Projected Unit Credit Method in accordance with IAS-19 "Employee Benefits" was transferred to PPIB upon merger.

## 5.15 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when PPIB becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when PPIB loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

### a) Financial assets

PPIB classifies its financial assets in the following measurement categories:

- i) Amortized cost where the effective interest rate method will apply;
- ii) Fair value through profit or loss;
- iii) Fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income (OCI). For investment in equity instruments that are not held for trading, this will depend on whether PPIB has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). PPIB reclassifies debt investments when and only when its business model for managing those assets changes.

### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which PPIB commit to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and PPIB has transferred substantially all the risks and rewards of ownership.

### Measurement

At initial recognition, PPIB measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

### Debt instruments

Subsequent measurement of debt instruments depends on PPIB's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which PPIB classifies its debt instruments:

#### i) Amortised cost

Assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses.

Impairment losses are presented as separate line item in the profit or loss.

#### ii) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

### iii) Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented in finance income/cost in the period in which it arises.

#### Equity instruments

PPIB subsequently measures all equity investments at fair value. Where PPIB's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when PPIB's right to receive payments is established.

#### Impairment of financial assets

PPIB assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its debt instruments, trade debts, short term investment and deposits and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Receivables
- Loans, Advances and other receivables
- Short term investments
- Cash and bank balances

#### (i) General approach for short term investments, deposits and other receivables and cash and bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 months expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 months to lifetime expectations.

#### Significant increase in credit risk

PPIB considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, PPIB compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

#### Definition of default

PPIB considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the PPIB, in full (without taking into account any collaterals held by the PPIB).

Irrespective of the above analysis, in case of trade debts, PPIB considers that default has occurred when the debt is more than 365 days past due, unless PPIB has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### **Credit - impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### (ii) Simplified approach for trade debts

PPIB recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **Recognition of loss allowance**

PPIB recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### **Write-off**

The PPIB write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. PPIB may write-off financial assets that are still subject to enforcement activity.

Subsequent recoveries of amounts previously written off will result in impairment reversals.

### **b) Financial Liabilities**

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

PPIB determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

### **i) Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The PPIB has not designated any financial liability upon recognition as being at fair value through profit or loss.

### **ii) Other financial liabilities**

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortisation process.

### **Derecognition of financial liabilities**

The PPIB derecognises financial liabilities when and only when the PPIB's obligations are discharged, cancelled or they expire.

### **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

## **5.16 Trade debts and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

PPIB has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

## **5.17 Off-setting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the PPIB has a legally enforceable right to set off the recognized amounts, and the PPIB either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the PPIB or the counter party.

**6 PROPERTY AND EQUIPMENT**

**2023**      **2022**  
**(Rupees in thousand)**

**Year ended June 30**

Operating fixed assets	6.1	69,268	40,350
Capital work in progress	6.2	20,445	15,666
Right of use assets	6.3	149,542	111,004
		<u>239,255</u>	<u>167,020</u>

**Note**

**6.1 Operating fixed assets**

	Land	Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Office Equipment	Air Conditioners	Vehicles	Books	Total
------(Rupees in thousand)-----									
<b>At 1 July 2021</b>									
Cost	15,015	19,206	10,099	23,235	8,835	1,039	27,835	945	106,209
Accumulated depreciation	-	(17,815)	(5,957)	(19,096)	(6,788)	(438)	(16,911)	(892)	(67,897)
Net book value	<u>15,015</u>	<u>1,391</u>	<u>4,142</u>	<u>4,139</u>	<u>2,047</u>	<u>601</u>	<u>10,924</u>	<u>53</u>	<u>38,312</u>
<b>Year ended 30 June 2022</b>									
Opening net book value	15,015	1,391	4,142	4,139	2,047	601	10,924	53	38,312
Additions	-	150	854	3,851	2,666	-	5,523	-	13,044
Depreciation charge	-	(691)	(617)	(4,549)	(666)	(128)	(4,340)	(15)	(11,006)
Closing net book value	<u>15,015</u>	<u>850</u>	<u>4,379</u>	<u>3,441</u>	<u>4,047</u>	<u>473</u>	<u>12,107</u>	<u>38</u>	<u>40,350</u>
<b>As at 30 June 2022</b>									
Cost	15,015	19,356	10,953	27,086	11,501	1,039	33,358	945	119,253
Accumulated depreciation	-	(18,506)	(6,575)	(23,645)	(7,454)	(566)	(21,251)	(907)	(78,903)
Net book value	<u>15,015</u>	<u>850</u>	<u>4,379</u>	<u>3,441</u>	<u>4,047</u>	<u>473</u>	<u>12,107</u>	<u>38</u>	<u>40,350</u>
<b>Year ended 30 June 2023</b>									
Opening net book value	15,015	850	4,379	3,441	4,047	473	12,107	38	40,350
Transfers from AEDB upon merger	-	-	448	1,217	882	-	-	-	2,547
Additions	-	26	990	4,586	3,696	-	25,801	-	35,099
Depreciation charge	-	(516)	(724)	(2,652)	(1,038)	(112)	(3,673)	(13)	(8,728)
Closing net book value	<u>15,015</u>	<u>360</u>	<u>5,093</u>	<u>6,592</u>	<u>7,587</u>	<u>361</u>	<u>34,235</u>	<u>25</u>	<u>69,268</u>
<b>As at 30 June 2023</b>									
Cost	15,015	19,382	12,393	32,889	16,079	1,039	59,159	945	156,901
Accumulated depreciation	-	(19,022)	(7,300)	(26,297)	(8,492)	(678)	(24,924)	(920)	(87,631)
Net book value	<u>15,015</u>	<u>360</u>	<u>5,093</u>	<u>6,592</u>	<u>7,587</u>	<u>361</u>	<u>34,235</u>	<u>25</u>	<u>69,268</u>
<b>Annual rate of depreciation %</b>	-	33.33	10	33	15	15	20	10	10

	Note	2023 (Rupees in thousand)	2022
<b>6.2 Capital work in progress</b>			
Balance at the start of the year	6.2.1	15,666	15,666
Additions during the year	6.2.2	4,779	-
		<u>20,445</u>	<u>15,666</u>

6.2.1 This represents construction work undertaken on Freehold land allotted to PPIB by Government of Pakistan with a lease period of 33 years further renewable for two terms of 33 years each situated in G-11, Islamabad.

6.2.2 This represents advance given against purchase of vehicles.

	Note	2023 (Rupees in thousand)	2022
<b>6.3 Right of use assets</b>			
Balance at the start of the year		111,004	44,301
Transfers from AEDB upon merger		56,223	-
Additions during the year		35,548	107,667
Depreciation during the year	6.3.1	(53,233)	(40,964)
		<u>149,542</u>	<u>111,004</u>

6.3.1 The right of use assets are depreciated on straight line basis over lease term (note 15.1).

## 7 INTANGIBLE ASSET - Computer softwares

### Year ended June 30

Opening book value		498	1,590
Amortization		(290)	(1,092)
Closing net book value		<u>208</u>	<u>498</u>
Cost		2,946	2,946
Accumulated amortization		(2,738)	(2,448)
Net book value		<u>208</u>	<u>498</u>
Amortization rate		33.33%	33.33%

## 8 LEASE RECEIVABLE - LAND

Transfers from AEDB on merger		509,079	-
Finance income on lease receivable		4,071	-
	8.1	<u>513,150</u>	<u>-</u>
Current portion of lease receivable		(27,782)	-
Non-current portion of lease receivable		<u>485,368</u>	<u>-</u>

8.1 Incremental borrowing rate of 15.25% p.a. has been used in for computation of present value of lease receivable.

	Note	2023 (Rupees in thousand)	2022
<b>9 LOANS AND ADVANCES - at amortized cost</b>			
Loans and advances - considered good		49,548	67,890
Less: Current portion shown under current assets	11	(11,956)	(27,168)
	9.1	<u>37,592</u>	<u>40,722</u>

- 9.1 These represent loan to employees for house construction, medical and other purposes and carry interest at the rate of one year KIBOR prevailing when loan is granted. These are recoverable in equal monthly installments spread over a period of 5 years and are secured against future gratuity payments of the employees and also indemnity bonds in favor of PPIB executed by two employees of PPIB acting as sureties on behalf of employees obtaining loan.

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
<b>9.2 Loans to key management personnel</b>		
Opening balance	22,520	18,040
Loans disbursed during the year	8,739	14,107
Loans repaid during the year	(12,880)	(9,627)
Closing balance	<u>18,379</u>	<u>22,520</u>

**10 DEFERRED TAX ASSET / (LIABILITY)**

The PPIB has business losses from prior years and was liable to pay normal tax on income from other sources for current year and alternate corporate tax in the previous year. In view of the unabsorbed tax losses, presently it is not probable that the PPIB will be able to utilize deferred tax asset on temporary differences against future taxable profits. Accordingly, the PPIB has not recognized deferred tax asset on temporary differences. Breakup of deferred tax asset not recognised on deductible / (taxable) temporary differences is as follows:

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>(Rupees in thousand)</b>	
Accounting and tax depreciation		(1,682)	(6,615)
Lease liability net of right of use assets		(18,746)	(12,665)
Unrealised exchange gain on investments		(8,313)	(32,031)
Provision for leave encashment		5,223	7,950
Accrued income on investments		(28,407)	(7,588)
Provision against performance guarantees encashed		464,974	128,760
Taxable losses		(10,084)	100,686
Alternate corporate tax		(625)	13,669
		<u>402,340</u>	<u>192,166</u>

**11 ADVANCES AND OTHER RECEIVABLES**

Advances to:			
- suppliers / services		369	67
- employees against expenses		354	494
		<u>723</u>	<u>561</u>
Current portion of loans and advances	9	11,956	27,168
Receivable from provident fund trust		-	11,113
Accrued interest on bank deposits		636	179
Other receivables		92	336
		<u>13,407</u>	<u>39,357</u>

**12 ADVANCE INCOME TAX**

Balance at the beginning of the year		11,678	(3,582)
Income tax paid / deducted at source		79,296	34,076
Provision for taxation	29	(82,334)	(18,816)
Balance at the end of the year		<u>8,640</u>	<u>11,678</u>

**13 SHORT TERM INVESTMENTS**

Mutual funds	13.1	89,814	108,169
Term deposit receipts (TDRs)	13.2	4,215,897	2,120,728
		<u>4,305,711</u>	<u>2,228,897</u>

**13.1 Investment in mutual funds**

National Investment Trust (NIT) 1,774,287 units (2022: 1,664,400 units)		<u>89,814</u>	<u>108,169</u>
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	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
<b>13.2 Term Deposit Receipts (TDRs)</b>		
<b>(In US Dollars)</b>		
Habib Metropolitan Bank Limited (HMBL) USD 4,406,197 (2022: USD 3,553,182)	1,262,816	730,179
United Bank Limited (UBL) USD 3,873,485 (2022: 4,428,246)	1,110,141	910,004
	<u>2,372,957</u>	<u>1,640,183</u>
<b>(In PKR)</b>		
Pak Oman Investment Company Limited (POIC)	475,000	350,000
JS Bank Limited (JSBL)	1,043,923	104,662
Samba Bank Limited (SBL)	100,000	-
The Bank of Punjab (BOP)	100,000	-
	<u>1,718,923</u>	<u>454,662</u>
<b>Accrued profit on TDRs:</b>	4,091,880	2,094,845
<b>(In US Dollars)</b>		
- HMBL	24,956	3,372
- UBL	30,552	4,338
	<u>55,508</u>	<u>7,711</u>
<b>(In PKR)</b>		
- POIC	42,893	17,175
- JSBL	4,171	997
- SBL	12,255	-
- BOP	9,190	-
	<u>68,509</u>	<u>18,172</u>
	<u>4,215,897</u>	<u>2,120,728</u>

13.2.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Amounts	Maturity	Profit rate per annum	
				2023	2022
<b>TDRs</b>					
HMBL	USD	2,431,739	June 2024	10.00%	1.60%
HMBL	USD	644,662	March 2024	5.50%	10.00%
UBL	USD	1,240,862	April 2024	10.00%	0.00%
UBL	USD	1,996,804	March 2024	10.50%	0.00%
UBL	USD	635,819	September 2023	7.20%	7.80%
HMBL	USD	1,329,796	November 2023	8.40%	2.60%
POIC	PKR	200,000,000	September 2023	16.18%	7.70%
POIC	PKR	100,000,000	September 2023	16.18%	7.70%
POIC	PKR	50,000,000	September 2023	20.30%	12.10%
POIC	PKR	25,000,000	October 2023	20.30%	12.10%
POIC	PKR	100,000,000	July 2023	20.15%	12.10%
JSBL	PKR	104,662,192	June 2024	21.85%	15.80%
JSBL	PKR	939,261,310	September 2023	20.50%	0.00%
SBL	PKR	100,000,000	October 2023	15.95%	0.00%
BOP	PKR	100,000,000	October 2023	15.75%	0.00%

14	<b>CASH AND BANK BALANCES</b>	Note	<b>2023</b>		<b>2022</b>	
			<b>(Rupees in thousand)</b>			
	<b>Balance in local currency</b>					
	Cash in hand			47		56
	Cash at bank:					
	- Saving accounts	14.1		362,417		140,968
				<u>362,417</u>		<u>140,968</u>
	<b>Balance in foreign currency</b>					
	- Saving accounts - USD 320,389 (2022: USD 9,029)	14.1		91,654		1,855
		14.2		<u>454,118</u>		<u>142,879</u>

14.1 These accounts carry rates of profit ranging from 7.00% to 19.50% (2022: 6.84% to 13.00%) per annum.

14.2 **Restriction on use**

The bank balances include an amount of Rupees 102.699 million (2022: Rupees: Nil) in respect of employees contributory provident fund.

## 15 LEASE LIABILITIES

	Land		Office		Building		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	..... (Rupees in thousand) .....							
Opening balance	-	-	-	-	67,333	43,247	67,333	43,247
Transfers from AEDB on amalgamation (note 15.3)	357,827	-	76,840	-	-	-	-	-
Addition	-	-	-	-	35,549	107,668	35,549	107,668
Finance cost	1,856	-	563	-	13,083	1,468	15,502	1,468
Payments	-	-	-	-	(54,867)	(85,051)	(54,867)	(85,051)
Closing balance	359,683	-	77,403	-	61,098	67,332	498,184	67,332
Less: current portion (note 15.2)	(163,289)	-	(28,154)	-	(48,886)	(30,829)	(240,329)	(30,829)
Non current portion	196,394	-	49,249	-	12,212	36,503	257,855	36,503

- 15.1 PPIB has acquired its head office building and a warehouse under finance leases. The lease term is 3 years. Interest rates underlying obligation under finance leases are fixed at 3 year KIBOR plus 2% per annum (2022: 3 year KIBOR plus 2%) on head office building and 3 year PIB rate on warehouse (2022: 3 year PIB), whereas on land and office of AEDB which has now been merged into PPIB is 15.55% and 16.13% respectively.
- 15.2 It includes overdue lease rentals amounting to Rupees 139.962 million of AEDB which has now been merged with PPIB.
- 15.3 It includes amounting to Rupees 434.667 million transferred from AEDB as disclosed in note 1.3 to the financial statements.
- 15.4 AEDB which has now been merged into PPIB has acquired its land and office building under finance leases. The lease term is for 30 years against land and 3 years against office building.
- 15.5 Minimum lease payments and present value of minimum lease payments are regrouped as under:

	Land		Office		Building		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	..... (Rupees in thousand) .....							
<b>Minimum lease payments</b>								
Not later than one year	163,289	-	28,154	-	48,886	41,198	240,329	41,198
Later than one year but not later than five years	93,308	-	50,119	-	12,212	41,198	155,639	41,198
later than five years	489,867	-	-	-	-	-	489,867	-
	746,464	-	78,273	-	78,273	-	903,010	-
Less: Finance cost allocated to future period	(386,781)	-	(870)	-	(17,175)	(15,064)	(404,826)	(15,064)
	359,683	-	77,403	-	61,098	67,332	498,184	67,332
<b>Present value of minimum lease payments</b>								
Not later than one year	162,201	-	24,365	-	48,886	36,102	235,452	36,102
Later than one year but not later than five years	197,482	-	53,038	-	12,212	31,230	262,732	31,230
	359,683	-	77,403	-	61,098	67,332	498,184	67,332

## 16 LEAVE ENCASHMENT

It represents liability transferred from AEDB upon merger as disclosed in note 5.14 to the financial statements.

		2023	2022
	Note	(Rupees in thousand)	
<b>17</b>	<b>PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED</b>		
	Spencer Powergen Company of Pakistan Limited	17.2	41,046
	Star Energy Venture Pakistan Limited	17.3	78,400
	Star Power Generation Company Limited	17.4	768,088
	Gujranwala Energy Limited	17.5	286,600
	Siddiqsons Energy Limited	17.6	835,933
	Lumen Energia (Private) Limited	17.7	8,606
	M/s SSJD Bioenergy Limited	17.8	8,606
	Trident Energy (Private) Limited	17.9	7,171
	Sadiqabad Power (Private) Limited	17.10	6,454
	Ghotki Power (Private) Limited	17.11	6,454
		<u>2,047,358</u>	<u>875,686</u>
<b>17.1</b>	<b>Movement of provision against performance guarantees encashed</b>		
	Balance at the beginning	875,686	723,650
	Siddique Sons Energy (Private) Limited	835,933	-
	Lumen Energia (Private) Limited	8,606	-
	M/s SSJD Bioenergy Limited	8,606	-
	Trident Energy (Private) Limited	7,171	-
	Sadiqabad Power (Private) Limited	6,454	-
	Ghotki Power (Private) Limited	6,454	-
	Transfer to other income	-	(23,500)
	Exchange loss	298,448	175,536
		<u>1,171,672</u>	<u>152,036</u>
	Balance at the end	<u>2,047,358</u>	<u>875,686</u>
17.2	Based on order of Islamabad High Court dated 04 April 2013, PPIB had to pay the amount of performance guarantee of Rupees 33 million along with profits amounting to Rupees 24.51 million. PPIB may be required to pay further amount of Rupees 41.046 million as per contempt petition vide order dated 20 March 2019 of Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited which was challenged by the PPIB in Apex court of Pakistan where the matter is pending adjudication.		
17.3	In June 1999, Star Energy Venture Pakistan Limited filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.		
17.4	Star Power Generation Company Limited has filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB. The petition was disposed off by the honorable high court in 2020 on the grounds of non-persuasion. However, management believes that the Company may go into appeal on technical grounds and PPIB may be required to pay the said amount.		
17.5	Gujranwala Energy Limited had filed a writ petition before Sindh High Court (SHC) and Civil Court in Lahore (CCL) challenging encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount. The matter is still pending in the SHC, however, during the year CCL has disposed off the case declaring it that the said suit was barred by law.		
17.6	Siddique Sons Energy (Private) Limited filed civil suit against PPIB, seeking a declaration and permanent injunction against PPIB, assessing the demand notice issued by PPIB, and encashment of the guarantee is illegal. PPIB encashed the performance guarantee amounting to Rupees 836 million. The case is pending before civil court Islamabad and Supreme court of Pakistan which is pending adjudication. The case may be decided in favour of either of the parties. Therefore, provision has been made.		
17.7	M/s Lumen Energia (Private) Limited was issued Letter of intent (LOI) on 9 September 2010 for setting up 11 MW Biomass Power Plant. Later on, due to non-compliance of project milestones, AEDB now merged into PPIB encashed PG amounting to USD 30,000/-; thereafter, AEDB filed recovery suit in October 2018 before the Civil Court, Islamabad. AEDB submitted Written Statement and also filed an application for rejection of the plaint and dismissal of the Suit under rule 11 of order VII read with section 151 of the Code of Civil Procedure, 1908; however, vide Order dated 21 October 2021, the Court rejected AEDB's application and directed to come up for evidence. Later on, AEDB also filed a writ petition before the Islamabad High Court against the Order dated 21 October 2021 passed by the Civil Judge, Islamabad; however, the said Writ Petition was also dismissed by the Court vide Order dated 25 July 2022. The main recovery Suit filed by the company is at evidence stage before the Civil Court, Islamabad and the case may be decided in favour of either of the parties. Therefore, provision has been made.		

- 17.8 M/s SSJD Bio Energy Limited was issued Letter of support (LOS) on 18-10-2012 for setting up 12 MW Biomass Power Plant. Due to non-compliance of project milestones, AEDB which has now been merged into PPIB encashed the Performance Guarantee amounting to USD 30,000/-. Thereafter, the Company filed a Recovery Suit on 12 September 2015 before the Civil Court, Islamabad. AEDB had filed an application for rejection of plaint and dismissal of Suit under Rule 11 of Order VII read with section 151 of the code of Civil Procedure, 1908; however, vide Order dated 20 November 2018, the Court dismissed AEDB's application and directed to come up for evidence. Later on, AEDB filed a Writ Petition before the Islamabad High Court against the order dated 20 November 2018 passed by the Civil Court Islamabad which was also dismissed. The main recovery Suit filed by the company is at evidence stage before the Civil Court, Islamabad and the case may be decided in favour of either of the parties. Therefore, provision has been made.
- 17.9 M/s Trident Energy (Private) Limited filed a Writ Petition No. 886/2018 before the Islamabad High Court against cancellation of Letter of intent (LOI) and encashment of Bank Guarantee; however, the case was decided in favor of vide judgement dated 5 April 2022. Now, AEDB has filed an Intra Court Appeal (ICA) before the Islamabad High Court against the judgement dated 5 April 2022. The case is still sub-judice and may be decided in favour of either of the parties. Therefore, provision has been made.
- 17.10 M/s Sadiqabad Power (Private) Limited filed Suit before the Civil Court Islamabad and obtained stay order against encashment of Bank Guarantee. During pendency of the suit, the stay was vacated and accordingly, AEDB encashed the BG on 14 March 2022. Subsequently, the Suit was decided against AEDB vide order dated 15 February 2023; wherein, AEDB which has now been merged with the Board was directed to repay the amount of encashed BG i.e. USD 22,500/- to the company. AEDB has filed an appeal before the Islamabad High Court against the Order dated 15-02-2023 passed by the Civil Court, Islamabad. The case is still sub-judice and may be decided in favour of either of the parties. Therefore, provision has been made.
- 17.11 M/s Ghotki Power (Private) Limited filed Suit before the Civil Court Islamabad and obtained stay order against encashment of Bank Guarantee. During pendency of the suit, the stay was vacated and accordingly, AEDB which has now been merged with the Board encashed the BG on 14 March 2022. Subsequently, the Suit was decided against AEDB vide order dated 15 February 2023; wherein, AEDB was directed to repay the amount of encashed BG i.e. USD 22,500/- to the company. AEDB has filed an appeal before the Islamabad High Court against the Order dated 15 February 2023 passed by the Civil Court, Islamabad. The case is still sub-judice and may be decided in favour of either of the parties. Therefore, provision has been made.

## 18 EMPLOYEE BENEFITS OBLIGATIONS

The latest actuarial valuation was carried out as at 30 June 2023, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
Leave encashment	18.1	26,826	27,413
Payable to gratuity fund	18.2.1	79,543	11,231
		<u>106,369</u>	<u>38,644</u>

### 18.1 Movement of provision for leave encashment is as follows:

Balance at the beginning		27,413	26,128
Expense for the year	24	16,330	19,054
Payments made during the year		(16,917)	(17,769)
Balance at the end		<u>26,826</u>	<u>27,413</u>

### 18.2 Payable to gratuity fund

The latest actuarial valuation was carried out as at 30 June 2023 using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	Note	2023 (Rupees in thousand)	2022 (Rupees in thousand)
<b>18.2.1 The amounts recognized in the statement of financial position are as follows:</b>			
Present value of defined benefit obligation	18.2.5	398,730	393,598
Fair value of plan assets	18.2.6	(403,344)	(382,367)
(Asset) / Liability	18.2.3	(4,614)	11,231
Transfers from AEDB upon merger	5.14	84,157	-
		<u>79,543</u>	<u>11,231</u>

	Note	2023 (Rupees in thousand)	2022
18.2.2	<b>The amounts recognized in income and expenditure account are as follows:</b>		
		28,613	29,363
		481	1,588
	24	<u>29,094</u>	<u>30,951</u>
18.2.3	<b>Movement in statement of financial position</b>		
		11,231	16,914
	18.2.2	29,094	30,951
	18.2.9	(33,708)	(36,634)
		(11,231)	-
		<u>(4,614)</u>	<u>11,231</u>

18.2.4 Based on the actuarial valuation a contribution of Rupees 26.732 million is expected to be paid to the defined benefit plan during the year ending 30 June 2024.

		2023 (Rupees in thousand)	2022
18.2.5	<b>Changes in the present value of defined benefit obligation are as follows:</b>		
		393,598	399,752
		28,613	29,363
		49,047	38,302
		(42,897)	(31,388)
		(3,961)	(2,071)
		(25,670)	(40,360)
		<u>398,730</u>	<u>393,598</u>
18.2.6	<b>Changes in the fair value of plan assets are as follows:</b>		
		382,367	382,838
		48,566	36,714
		11,231	-
		(42,897)	(31,388)
		(3,961)	(2,071)
		8,038	(3,726)
		<u>403,344</u>	<u>382,367</u>

18.2.7 **Composition of plan assets as a percentage of total plan assets of defined gratuity plan are as follows:**

	2023 %	2022 %	2023 (Rupees in thousand)	2022
Bank balances	2.57	3.66	10,360	12,072
NIT units	1.01	1.12	3,279	4,210
Term deposit receipts	99.40	97.98	400,055	374,645
Others	0.33	0.26	941	842
Payables	(3.31)	(3.02)	(11,291)	(9,401)
	<u>100</u>	<u>100</u>	<u>403,344</u>	<u>382,368</u>

18.2.8 **Principal actuarial assumptions used in the actuarial valuation are as follows:**

	2023	2022
Discount rate	16.25%	13.25%
Future salary increase	15.25%	12.25%
Expected return on plan assets	12.5%	10%
Withdrawal rates	Age-Based	Age-Based
Mortality rates	Adjusted SLIC 2001-2005 Setback 1 Year	Adjusted SLIC 2001-2005 Setback 1 Year

		<b>2023</b>	<b>2022</b>
		<b>(Rupees in thousand)</b>	
18.2.9	<b>Re-measurements recognized in other comprehensive income during the year:</b>		
	Remeasurement gain on obligation	25,670	40,360
	Remeasurement gain / (loss) on plan assets	8,038	(3,726)
		<u>33,708</u>	<u>36,634</u>
18.2.10	<b>Sensitivity analysis</b>		
	Discount rate +1%	370,324	365,918
	Discount rate -1%	430,498	424,728
	Salary growth rate +1%	430,498	424,782
	Salary growth rate -1%	369,854	365,449
18.2.11	<b>Plan assets</b>	<b>2023</b>	<b>2022</b>
	Bond	0.00%	0.00%
	Equity	0.79%	1.10%
	Cash and / or deposits	99.21%	98.90%
18.2.12	<b>Expected benefit payments for the next 10 years and beyond</b>	<b>(Rupees in thousand)</b>	
	FY 2024		10,525
	FY 2025		41,482
	FY 2026		35,327
	FY 2027		22,314
	FY 2028		50,755
	FY 2029		18,993
	FY 2030		185,136
	FY 2031		65,383
	FY 2032		43,106
	FY 2033		348,287
	FY 2034 onwards		4,127,848
	The average duration of the defined benefit obligation is		<b>8 Years</b>
18.2.13	<b>Risk associated with defined benefit plans</b>		
	<b>Investment risk:</b>		
	The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.		
	<b>Longevity risks:</b>		
	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.		
	<b>Salary increase risk:</b>		
	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.		
	<b>Withdrawal risk:</b>		
	The risk of actual withdrawals varying with actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.		

		2023	2022
	Note	(Rupees in thousand)	
<b>19 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		66,307	60,741
Retention money		710	710
Payable to AJ&K Council	19.2	143,640	102,920
Processing fee payable		8,318	-
Bank guarantee encashed payable		15,414	-
Withholding tax payable		2,091	-
Other payables		17,281	4,429
Provident fund payable	19.1	79,181	-
		<u>332,942</u>	<u>168,800</u>

**19.1 Provident fund payable**

Transfers from AEDB on merger	78,844	-
Interest income	337	-
Closing balance	<u>79,181</u>	<u>-</u>

19.2 In April 2010, PPIB issued Letter of support (LOS) to Mira Power Limited for the establishment of 100 MW Hydropower project on the Poonch River, near Kotli located in the territory of the State of Azad Jammu and Kashmir (AJ & K). Due to failure to achieve financial close on the specified date i.e. 29 April 2013, the performance guarantee was encashed on 29 May 2013. As per the agreement of agency between PPIB and AJ & K Council, "The Authorized Agent (PPIB) shall transfer to the Principal (AJ & K Council), full amount of bank guarantee and bid bond following their encashment in the event of default by sponsors or project company less any actual legal expenses incurred by the Authorized Agent". Since, the PPIB's Act, 2012 of encashment of performance guarantee is not contested at court of law therefore, the amount is payable by PPIB to AJ&K Council.

**20 PPIB FUND**

PPIB Fund is established as per the requirement of Section 14 of the PPIB Act, 2012 (Act No. VI of 2012). The accumulated surplus and Government fund available on the PPIB balance sheet as at 01 March 2012 were converted into PPIB Fund. The PPIB Fund is to be administered and controlled by PPIB. The PPIB Fund is to be funded through various sources as specified in Section 14 of the PPIB Act, 2012 and expended for operations of PPIB for the objects and purposes as specified in Section 15 of the PPIB Act, 2012.

**21 CONTINGENCIES AND COMMITMENTS**

**21.1 Contingent liabilities**

Certain sponsors of power projects have filed suits against wherein PPIB is also nominated as party for aggregate claims against damages of Rupees 113.457 million (2022: Rupees 113.457 million) and USD 58 million (2022: USD 58 million). Also, claims have been lodged against the performance guarantees encashed amounting USD 0.2 million (2022: USD 0.2 million). These law suits are currently being defended by PPIB. At this stage, either it is not possible to determine the expected outcome of these litigations or favorable results to PPIB are probable. All the cases are pending in the courts of law so the expected timing of outflow of resources cannot be ascertained.

		2023	2022
	Note	(Rupees in thousand)	
<b>21.2 Commitments</b>			
Commitments against capital expenditure		<u>-</u>	<u>3,673</u>

**22 INCOME FROM OPERATIONS**

Extension in LOI / LOS fee		130,367	103,287
Annual fee	22.1	490,450	307,815
Fee for WCDA NOC		17,975	15,019
Fee for achievement of COD		221,477	35,749
Fee for verification of change in shareholding		854	-
Processing fee		88	-
Request for proposal (RFP) document fee		190	-
		<u>861,401</u>	<u>461,870</u>

- 22.1 PPIB Act, 2012 envisages that PPIB Board may prescribe and receive fee and charges for processing applications of private power projects. Accordingly, PPIB Board approved a revised fee structure named as; "PPIB Fee and Charges Rules 2018" (the Rules) which were formally notified in the official Gazette of Pakistan on 26 March 2019. Under the aforementioned Fee and Charges Rules, PPIB inter-alia levied annual fee of US\$ 300 per MW which is applicable on all IPPs upon each COD anniversary of each project. After the PPIB prescribed the annual fee in March 2019, various IPPs, which have been formed under the power policies of 1994, 2002 and 2015 approached the National Electric Power Regulatory Authority (NEPRA) to allow this fee as a pass through expense in their tariff. The IPPs were of the view that they will pay the annual fee to PPIB after the same is allowed by the NEPRA as a pass through expense. Lately, certain IPPs formed under 2002 power policy have accepted the above referred fee, whereas, certain other IPPs have apprised that they are still engaged with the NEPRA on the matter till date. Total amount of annual fee levied under the rules since notification of levy is in excess of Rupees 4,000 million whereas the amount recovered as of 30 June 2023 was around Rupees 922.903 million, representing approximately 24 percent of the total amount due.

The management believes that the collections against the annual fee have historically been very low due to the stance of the IPPs on the matter and their engagement with NEPRA to allow this as a pass through expense. The situation was assessed in the light of relevant provisions of IFRS 15 "Revenue from Contracts" and considering the criteria for revenue recognition management has concluded that the criterion relating to collectability in paragraph 9(e) of IFRS 15 is not fulfilled in respect of annual fee and accordingly revenue from annual fee should be recognised on a receipt basis i.e. cash basis.

	Note	2023 (Rupees in thousand)	2022
<b>23</b>	<b>INCOME FROM FINANCIAL ASSETS</b>		
Return on investments		312,848	51,822
Return on bank deposits		45,009	10,402
Interest on loans to employees		8,552	5,647
Dividend income		7,328	2,631
Finance income on lease receivable		4,071	-
Exchange gain - net		316,520	180,888
		<u>694,328</u>	<u>251,390</u>
<b>24</b>	<b>SALARIES AND BENEFITS</b>		
Salaries and allowances		435,880	396,995
Bonus		118,182	85,638
Provision for leave encashment	18.1	16,330	19,054
Provision for staff gratuity	18.2.2	29,094	30,951
PPIB contribution towards EOBI		1,516	1,276
Provident fund contribution		11,389	24,294
Other benefits		22,659	20,365
		<u>635,050</u>	<u>578,573</u>
<b>25</b>	<b>REPAIR AND MAINTENANCE</b>		
Vehicle running and maintenance		9,856	6,205
Office repair, maintenance and renovation		279	338
Computer repair		1,316	1,320
Equipment repair		328	565
Furniture repair		96	149
		<u>11,875</u>	<u>8,577</u>
<b>26</b>	<b>AUDIT FEE</b>		
Statutory audit fee		625	399
Gratuity fund audit		-	60
Provident fund audit		-	97
		<u>-</u>	<u>157</u>
		<u>625</u>	<u>557</u>
<b>27</b>	<b>FINANCE COST</b>		
Finance cost on obligations under finance lease		15,502	1,469
Bank charges		139	49
		<u>15,641</u>	<u>1,518</u>

	2023	2022
Note	(Rupees in thousand)	
<b>28 OTHER EXPENSES</b>		
Newspapers and periodicals	281	359
Training, conferences and seminars	1,631	2,272
Entertainment and office supplies	3,557	2,504
Security services	3,161	2,735
Annual ground rent	-	3,212
Miscellaneous	3,640	1,188
	<u>12,270</u>	<u>12,270</u>

<b>29 TAXATION</b>		
Current		
- Current year	130,706	30,056
- Prior year	(48,372)	(11,240)
	29.1 82,334	18,816
Deferred	-	659
	<u>82,334</u>	<u>19,475</u>

29.1 Provision for current tax represents tax on income from other sources / alternate corporate tax for previous years because of business lossess for current and prior years. Hence, the numerical reconciliation between tax expense and accounting loss has not been presented in these financial statements.

### 30 FUND MANAGEMENT

PPIB's objective when managing fund is to safeguard PPIB's ability to continue as a going concern so that it can achieve its primary objective, provide benefits for other stakeholders and to maintain a strong fund base to support the sustainable operations. There were no changes to PPIB's' approach to fund management during the year and PPIB is not subject to externally imposed fund requirements.

### 31 RELATED PARTY TRANSACTIONS

PPIB operates in an economic regime currently dominated by entities directly or indirectly controlled by the Government of Pakistan ("State - controlled entities") through its government authorities, agencies, affiliates and other organizations. Related parties comprise of Government of Pakistan and related entities under control of GoP, key management personnel which include Managing Director and Head of the Departments (HODs') and gratuity fund / trust. Transactions with key management personnel and gratuity fund/trust other than those specifically disclosed in relevant notes of these financial statements are as follows:

	2023	2022
	(Rupees in thousand)	
Salaries and benefits to key management personnel	155,629	152,925
Contribution to gratuity fund / trust	11,231	-
Contribution to provident fund / trust	11,389	24,294
Loans and advances to key management personnel	18,379	22,520

## 32 FINANCIAL RISK MANAGEMENT

### 32.1 Financial risk factors

PPIB's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). PPIB's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on PPIB's financial performance. The Board members have overall responsibility for the establishment and oversight of PPIB's risk management framework. The Board members are also responsible for developing and monitoring PPIB's risk management policies.

This note presents information about PPIB's exposure to each of the above risks, PPIB's objectives, policies and processes for measuring and managing risk, and PPIB's management of fund. Further quantitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyze the risks faced by PPIB, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PPIB's activities. PPIB, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Market risk

Market risk is the risk that the value of financial instrument, may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market, will affect PPIB's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. PPIB is exposed to currency risk, interest rate risk and price risk only.

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Pak Rupee is the functional currency of PPIB and as a result currency exposure arises from transactions and balances in currencies other than Pak Rupee. PPIB's potential currency exposure comprises;

-Transactional exposure in respect of non-functional currency monetary items.

-Transactional exposure in respect of non-functional currency expenditure and revenues.

The potential currency exposures are discussed below;

##### Transactional exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of PPIB are periodically restated to Pak Rupee equivalent, and the associated gain or loss is taken to the income and expenditure account. The currency risk related to monetary items is managed as part of the risk management strategy.

##### Transactional exposure in respect of non-functional currency expenditure and revenues

Performance guarantees encashed, income from operations, and certain income on investments and bank deposits is earned in currencies other than the functional currency. These currency risks are managed as a part of overall risk management strategy. There were no forward exchange contracts.

##### Exposure to currency risk

PPIB's exposure to currency risk is as follows:

	2023	2022
	(US Dollars in thousand)	
Investments - amortized cost	8,280	7,981
Bank balances	320,389	9
Net exposure	<u>328,669</u>	<u>7,990</u>

The following significant exchange rates applied during the year:

	2023	2022
	(Rupees per US Dollars)	
Average rate	246.05	181.52
Reporting date rate	286.60	205.50

##### Sensitivity analysis

At 30 June 2023, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, the impact on surplus before tax would have been Rupees 9.420 million (2022: Rupees 0.164 million) higher / lower.

#### (ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

PPIB's investment in mutual fund amounting to Rupees 89.2 million (2022: Rupees 108 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2023, if fair value (NAV) had been 10% higher / lower with all other variables held constant, total comprehensive income for the year would have been higher / lower by Rupees 8.92 million (2022: Rupees 10.8 million).

(iii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. A policy is adopted to ensure that interest rate risk is minimized by investing in fixed rate investments like PIBs and TDRs. There were no borrowings.

**Profile**

At the reporting date the interest rate profile of variable rate interest-bearing financial instruments is:

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investments	4,215,897	2,120,728
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances	454,071	142,823

**Sensitivity analysis**

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 4.541 million (2022 : Rupees 1.428 million) higher / lower , mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) **Credit risk**

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
Short term investments	4,305,711	2,228,897
Other receivables	1,451	12,189
Loans and advances	49,548	40,722
Bank balances	451,505	142,823
	<u>4,808,215</u>	<u>2,424,631</u>

Geographically there is no concentration of credit risk as PPIB operates in the same geographical area.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

<b>Bank balances</b>	<b>Short term</b>	<b>Long term</b>	<b>Agency</b>	<b>2023</b>	<b>2022</b>
				<b>(Rupees in thousand)</b>	
Dubai Islamic Bank Limited	A1+	AA	VIS	89	64
National Bank of Pakistan	A1+	AAA	PACRA	93,753	1,294
Habib Bank Limited	A1+	AAA	VIS	44,081	114,711
Bank Alfalah Limited	A1+	AA+	PACRA	2	2
United Bank Limited	A1+	AAA	VIS	1,450	397
Bank Makramah Limited	A3	BBB-	VIS	119	2
JS bank Limited	A1+	AA-	PACRA	116	352
Faysal Bank Limited	A1+	AA	PACRA	(625)	1,392
Meezan Bank Limited	A1+	AAA	VIS	23,348	24,608
First Women Bank Limited	A2	A-	PACRA	15	1
Sindh Bank Limited	A1	A+	VIS	200,715	-
Bank Al Habib Limited	A1+	AA+	PACRA	88,171	-
Silk Bank Limited	A2	A-	VIS	58	-
Samba Bank Limited	A1	AA	VIS	70	-
Bank Islami Pakistan Limited	A1	AA-	PACRA	143	-
				<u>451,505</u>	<u>142,823</u>

Investments				2023	2022
				(Rupees in thousand)	
<b>Term deposit receipts</b>					
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,287,772	733,551
- JS Bank Limited	A1+	AA-	PACRA	1,140,693	914,342
- Pak Oman Investment Company Limited	A1+	AA+	VIS	517,893	367,175
- United Bank Limited	A1+	AAA	VIS	1,048,094	105,659
- Samba Bank Limited	A1	AA	VIS	112,255	-
- The Bank of Puniab	A1+	AA+	PACRA	109,190	-
				4,215,897	2,120,728
National Investment Trust	AM1	-	VIS	89,814	108,169
				4,305,711	2,228,897

Due to PPIB's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Board. Accordingly the credit risk is minimal.

#### Loans, advances and other receivables

PPIB has made loans and advances to employees which are secured against employees' benefits. The management does not expect to incur material losses on such loans and advances.

In addition to above, financial assets include other receivables which mainly include advance given for employees' training. Management has assessed that there is no impairment loss and these are recoverable in full.

#### (c) Liquidity risk

Liquidity risk is the risk that PPIB will not be able to meet its financial obligations as they fall due. PPIB's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

PPIB follows an effective cash management and planning policy to ensure availability of funds and to take measures for new requirements.

The maturity profile of PPIB's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Less than 1 year	Above 1 year
	----- (Rupees in thousand) -----			
<b>At 30 June 2023</b>				
Provision against performance guarantees encashed	2,047,358	2,047,358	2,047,358	-
Accrued liabilities	332,942	332,942	332,942	-
Lease liabilities	498,184	498,184	240,329	257,855
<b>At 30 June 2022</b>				
Provision against performance guarantees encashed	875,686	875,686	875,686	-
Accrued liabilities	168,800	38,258	38,258	-
Lease liabilities	67,332	67,332	30,829	36,503

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

### 33 FINANCIAL INSTRUMENTS

#### 33.1 Financial assets and liabilities

##### 30 June 2023

#### Financial assets :

	Amortized cost	FVTPL	Total
	----- (Rupees in thousand) -----		
Maturity up to one year			
Advances and other receivables	13,038	369	13,407
Short term investments	4,215,897	89,814	4,305,711
Cash and bank balances	454,118	-	454,118
Lease receivable	27,782	-	27,782
Loans and advances	11,956	-	11,956
Maturity after one year			
Loans and advances	37,592	-	37,592
Lease receivable	485,368	-	485,368
	5,245,751	90,183	5,335,934

	Amortized cost	FVTPL	Total
----- (Rupees in thousand) -----			
<b>30 June 2022</b>			
<b>Financial assets :</b>			
Maturity up to one year			
Advances and other receivables	39,290	67	39,357
Short term investments	2,120,728	108,169	2,228,897
Cash and bank balances	142,879	-	142,879
Lease receivable	-	-	-
Loans and advances	27,168	-	-
Maturity after one year			
Loans and advances	40,722	-	40,722
Lease receivable	-	-	-
	<u>2,370,787</u>	<u>108,236</u>	<u>2,451,855</u>

**Financial liabilities :**

	2023	2022
----- (Rupees in thousand) -----		
Maturity up to one year		
Provision against performance guarantees encashed	2,047,358	875,686
Accrued and other liabilities	251,670	168,800
Lease liabilities	240,329	30,829
Maturity after one year		
Lease liabilities	257,855	36,503
	<u>2,797,212</u>	<u>1,111,818</u>

2023		
Financial assets	Non-financial assets	Total as per statement of financial position
----- (Rupees in thousand) -----		

2022		
Financial assets	Non-financial assets	Total as per statement of financial position
----- (Rupees in thousand) -----		

**Assets as per statement of financial position**

Advances and other receivables	13,038	369	13,407	39,290	67	39,357
Short term investments	4,305,711	-	4,305,711	2,228,897	-	2,228,897
Cash and bank balances	454,118	-	454,118	454,118	-	454,118
Lease receivable	513,150	-	513,150	-	-	-
	<u>4,772,867</u>	<u>369</u>	<u>4,773,236</u>	<u>2,722,305</u>	<u>67</u>	<u>2,722,372</u>

2023		
Financial liabilities	Non-financial liabilities	Total as per statement of financial position
----- (Rupees in thousand) -----		

2022		
Financial liabilities	Non-financial liabilities	Total as per statement of financial position
----- (Rupees in thousand) -----		

**Liabilities as per statement of financial position**

Provision against performance guarantees encashed	2,047,358	-	2,047,358	875,686	-	875,686
Accrued and other liabilities	251,670	81,272	332,942	168,800	-	168,800
Lease liabilities	498,184	-	498,184	67,332	-	67,332
	<u>2,797,212</u>	<u>81,272</u>	<u>2,878,484</u>	<u>1,111,818</u>	-	<u>1,111,818</u>

33.2 **Fair value of financial instruments**

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair values except for held to maturity financial assets which are carried at amortized cost whose fair value in comparison with carrying amount is as follows:

	2023		2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
----- (Rupees in thousand) -----				
<b>Assets carried at amortized cost</b>				
Short term investments	<u>4,215,897</u>	<u>4,215,897</u>	<u>2,120,728</u>	<u>2,120,728</u>

The basis for determining fair values is as follows:

### 33.3 Interest rates used for determining the fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

### 33.4 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Board has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

<b>30 June 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets carried at fair value</b>	----- (Rupees in thousand) -----			
Mutual funds	89,814	-	-	89,814
Term deposit receipts (TDRs)	-	4,215,897	-	4,215,897
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>30 June 2022</b>				
<b>Assets carried at fair value</b>				
Mutual funds	108,169	-	-	108,169
Term deposit receipts (TDRs)	-	2,120,728	-	2,120,728
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The carrying value of the financial assets and liabilities reflected in the financial statements approximates their respective fair values.

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Board has no investments which are classified under level 3 of fair value hierarchy table.

The Board's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Board is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 33.5 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

## 34 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation. However, no significant rearrangements have been made.

## 35 GENERAL

35.1 Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

35.2 **Number of Employees**

Number of employees as at June 30  
Average number of employees for the year

2023	2022
<u>208</u>	<u>106</u>
<u>155</u>	<u>105</u>

36 **DATE OF AUTHORIZATION**

These financial statements have been authorized for issue by the Board on

01 AUG 2025

*Rao*

  
MANAGING DIRECTOR

  
BOARD MEMBER



## Private Power and Infrastructure Board

Ministry of Energy (Power Division) Government of Pakistan

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