



PRIVATE POWER AND INFRASTRUCTURE BOARD

Annual Report 2018



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.



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GLOSSARY

Abbreviation	Description
AEDB	Alternative Energy Development Board
CPEC	China-Pakistan Economic Corridor
CPPA	Central Power Purchasing Agency
COD	Commercial Operation Date
CCoE	Cabinet Committee on Energy
DISCOs	Distribution Companies
EOI	Expression of Interest
EPEP	Energy Planning Experts Panel
EPC	Engineering Procurement & Construction
ECC	Economic Coordination Committee
FS	Feasibility Study
FSA	Fuel Supply Agreement
FC	Financial Close
FBR	Federal Board of Revenue
GoP	Government of Pakistan
GoS	Government of Sindh
GoAJ&K	Government of Azad Jammu & Kashmir
GENCOs	Generation Companies
GSA	Gas Supply Agreement
HSFO	High Sulphur Fuel Oil
HPP	Hydropower Project
IA	Implementation Agreement
IPPs	Independent Power Producers
ICB	International Competitive Bidding
JCC	Joint Cooperation Committee
JEWG	Joint Energy Working Group
KE	K-Electric
KESC	Karachi Electric Supply Corporation
LA	Lease Agreement
LOI	Letter of Interest/Intent
LOS	Letter of Support
MoE	Ministry of Energy
MoF	Ministry of Finance
MoP&NR	Ministry of Petroleum & Natural Resources
MW	Mega Watts
MOU	Memorandum of Understanding
NEPRA	National Electric Power Regulatory Authority
NTDC	National Transmission and Despatch Company
OBOR	One Belt One Road
O&M	Operation & Maintenance
OGDCL	Oil and Gas Development Company Limited
PD	Power Division
PPDB	Punjab Power Development Board
PIIB	Private Power and Infrastructure Board
PEPCO	Pakistan Electric Power Company
PPA	Power Purchase Agreement
PG	Performance Guarantee
PPP	Public Private Partnership
RA	Reimbursement Agreement
RRT	Reliability Run Test
RLNG	Regasified Liquefied Natural Gas
SA	Shareholders Agreement
SNGPL	Sui Northern Gas Pipelines Limited
SHPP	Small Hydro Power Plant
SHYDO	Sarhad Hydel Development Organization
TA	Tripartite Agreement
TLOS	Tripartite Letter of Support
TCEB	Thar Coal Energy Board
TOR	Terms of Reference
WAPDA	Water and Power Development Authority
WUL	Water Use License
WUA	Water Use Agreement



FOREWORD

It gives me great pleasure to present the Annual Report of the Private Power and Infrastructure Board (PPIB) for the year ending June 30, 2018 in the light of provision of Part-V, Section 21 of the PPIB Act, 2012.

PPIB has been working to attract and facilitate foreign direct investment (FDI) in Pakistan's power sector and related infrastructure since its inception in September 1994. PPIB also provides technical and legal support to the provinces, AJ&K and Gilgit Baltistan, and monitors and assists Independent Power Producers (IPP).

The efforts put in by the GoP for making country self-reliant in electricity generation are yielding encouraging results and in this scenario 2017-18 has been a very important year as many of the IPPs were scheduled to start generation after passing through all the stages of projects processing. Being one-window facilitator and handling major energy projects under the China-Pakistan Economic Corridor (CPEC), PPIB's role was very critical. PPIB spent countless hours to turn these projects into realities, and due to these efforts, so far, five projects of more than 5,000 MW have started producing electricity. Other projects are at advance stages of development which will also join the club of commissioned projects soon. Pakistan's Power Sector is now on the path of rehabilitation after a long period of sufferings. With the gradual inclusion of new generation into the national grid, the electricity situation is improving day by day and lengthy outages which had threatened the economic and industrial growth have become a tale of the past.

Role of CPEC in developing and reviving Pakistan's power sector is un-deniable. CPEC has been pivotal in the field of energy because the prioritization of energy projects as part of the CPEC investments has enhanced the confidence of stakeholders in Pakistan's energy sufficiency. For the first time in the energy history of the country, thar coal mining and power generation projects are being setup in the neglected Tharparkar under the CPEC initiative. As a result, Pakistan's first thar coal mining and power generation project shall be operational by the end of 2018. Now Tharparkar is emerging as energy capital of Pakistan. Similarly, Pakistan's first private sector Transmission Line Project is also being implemented under CPEC through PPIB which is a much needed addition as there was deficiency of adequate capacities in the current transmission line

network to bear the load of new generation of thousands of megawatts. Currently, under the CPEC, four imported coal based projects of 4,260 MW, five thar coal based projects of 3,960 MW and three hydro based projects of 2,714 MW are under process out of which two imported coal based projects of 2,640 MW have been completed this year. It is worth mentioning that PPIB is handling largest portfolio of its history and committed to achieve target of arranging 8,200 MW by end 2018 while 14,000 by 2021.

A key feature of the policies of the current government is to encourage foreign investments including the development of power projects and related infrastructure. In this regard, investment of more than US\$ 60 billion through CPEC alone in the energy sector is a massive achievement. GoP believes in providing competitive incentives and opportunities to foreign and local investors and is focusing on removal of obstacles and improvement of the investment climate in the country.

The Annual Report of Private Power and Infrastructure Board for the year 2017-18 relates to the contributions made by PPIB to trigger the economy by adding megawatts to the national grid through private sector mobilization. PPIB has so far added 15,468 MW of electricity in the system and endeavouring to woo more investment in the coming years. The government had given a challenging responsibility to PPIB for implementing public sector power generation projects and PPIB owing to its previous track record again emerged as a key department of the government and has declared Commercial Operation Date of two RLNG based projects of 2,410 MW during this year. I foresee PPIB playing more important role at this juncture when other projects are at advance stages and require continuous and speedy facilitation for producing optimum results.

I hope that the Annual Report 2017-18 will prove to be a good information source for researchers, academia and for the general public interested in the power sector of Pakistan

Shah Jahan Mirza
Managing Director

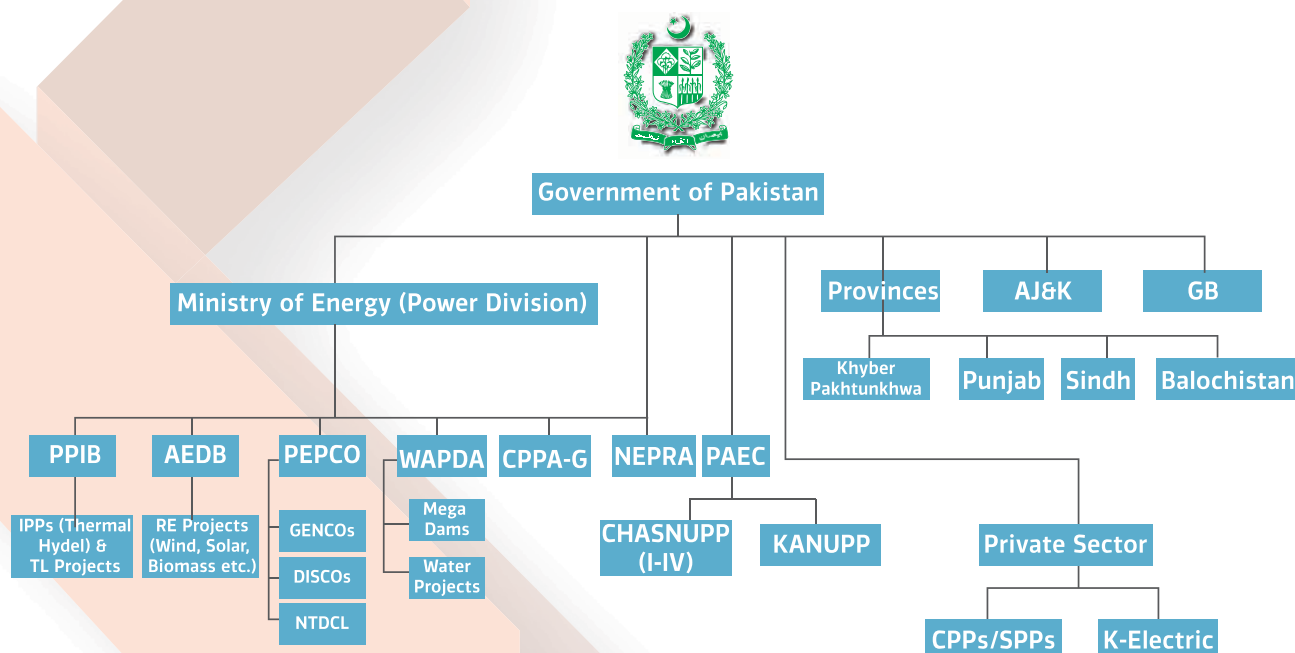


OVERVIEW OF PAKISTAN'S POWER SECTOR



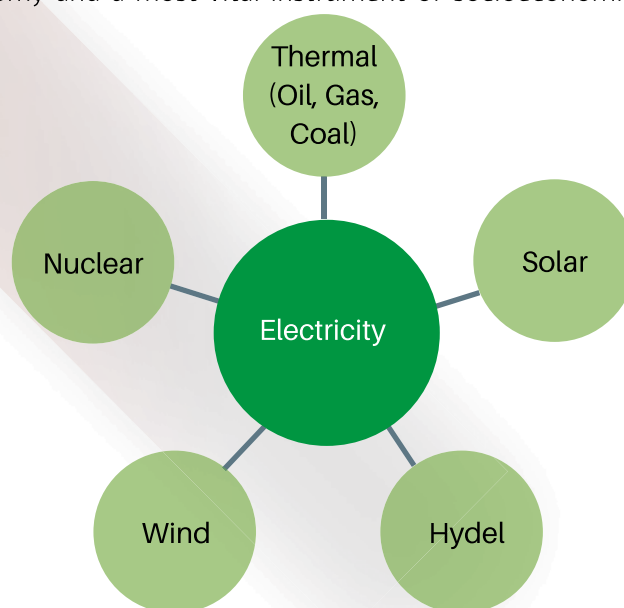
1. Overview of Pakistan's Power Sector

The power sector broadly consists of generation, transmission and distribution of electricity. Initially Pakistan's Power Sector was dominated by two vertically integrated publicly owned utilities namely (i) WAPDA which covered all Pakistan except Karachi, and (ii) Karachi Electric Supply Company (KESC) now K-Electric for the metropolitan city of Karachi and its surrounding areas (KESC now exists as K-Electric). As per WAPDA's strategic plan 1992, WAPDA was unbundled into (i) one National Transmission and Dispatch Company Limited (NTDCL), (ii) ten Distribution Companies (DISCOs) and (iii) four Generation Companies (GENCOs). KESC was privatized in 2005 to a Saudi based company named Kingdom Holding and renamed as K-Electric. Key players of Pakistan Power Sector are shown below:



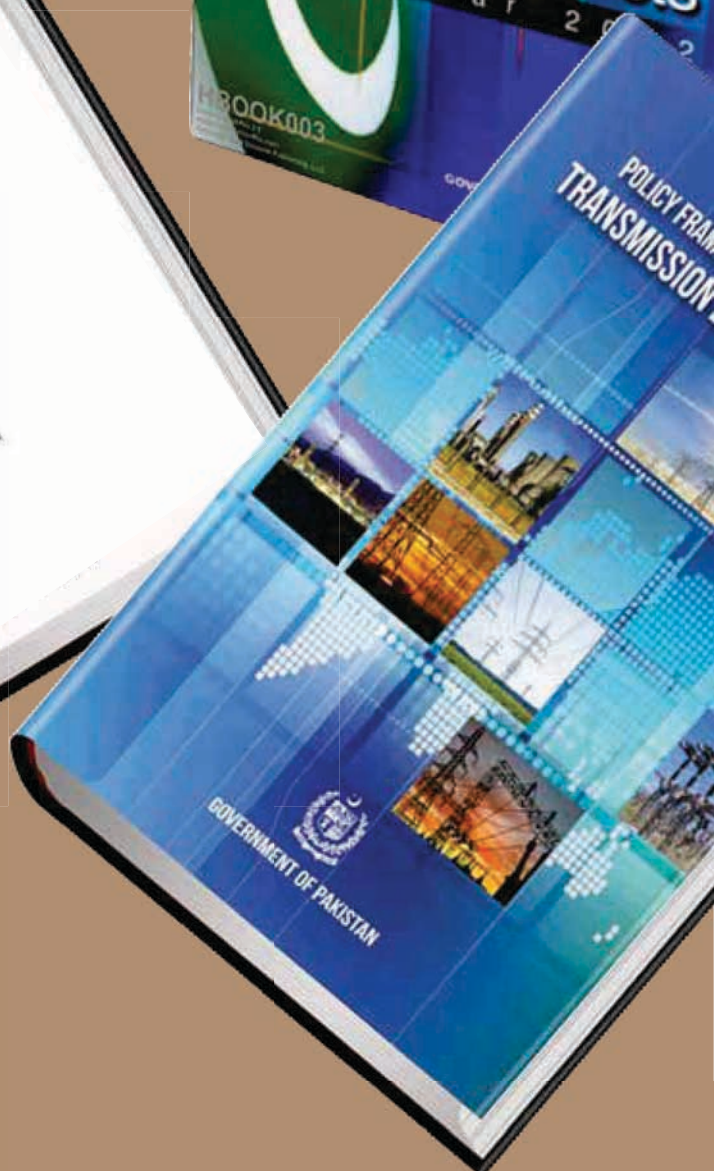
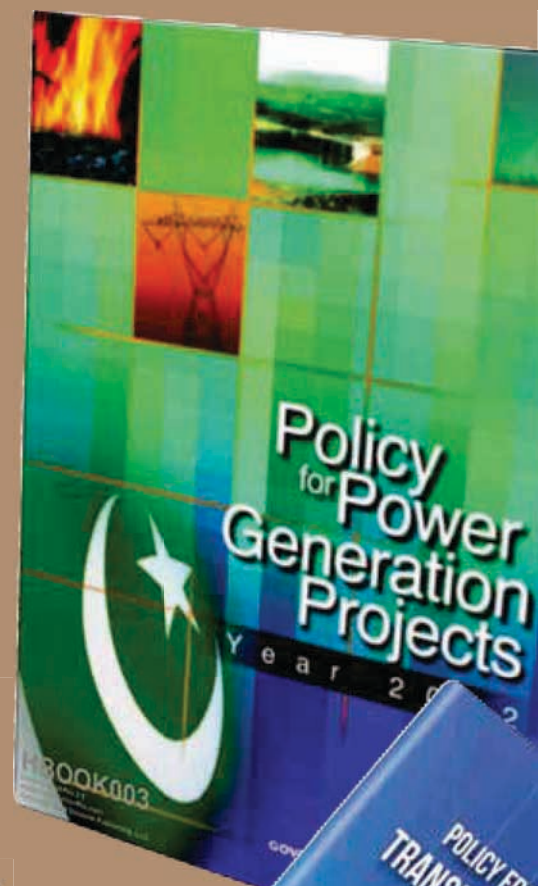
Electricity is considered to be a life-line of any economy and a most vital instrument of socioeconomic development of any country. It is a crucial component for running the commercial as well as day-to-day activities of human life. Electricity is generated from various sources in Pakistan which are shown below:

Pakistan's economy has historically been marred by power shortages, which has remained one of the chronic problems hampering socio-economic growth of our country. Beginning in 1987, Pakistan approached the World Bank to assist in its initiatives to introduce private sector resource mobilization into the power



sector. An initial framework of incentives to attract private investment in the energy sector was put in place in the late 80's which resulted in ultimate success of the 1,292 MW HUBCO, the first IPP of Pakistan which was named project finance "Deal of the Year" by Euromoney Institutional Investor in the year 1994. HUBCO experience also led to the formulation of "Policy Framework and Package of Incentives for Private Sector Power Generation Projects in Pakistan" (1994 Power Policy) in March 1994.

Private Power and Infrastructure Board



Power Generation Policy 2015

April 2015



GOVERNMENT OF PAKISTAN

FRAMEWORK FOR PRIVATE SECTOR
LINE PROJECTS, 2015

2.1 Private Power and Infrastructure Board

The basic ingredient of the Power Policy 1994 was the creation of Private Power & Infrastructure Board (PPIB) to act as a 'One Window' facilitator for the prospective investors in the power generation. Main objectives for creation of PPIB were to create a body which would;

- act as One-Window facilitator on behalf of GOP, its Ministries/ Departments.
- execute IA and provide GOP guarantees on behalf of President of Pakistan.
- monitor and facilitate IPPs in executing PPA, WUL with relevant GOP agencies.
- provide technical, financial and legal support to the then Ministry of Water & Power (now Power Division), Provinces / AJ&K.
- coordinate/ liaise with local and multilateral development Finance Institutions.

In 2012 PPIB was made a statutory organization through Private Power and Infrastructure Board Act 2012 (Act VI of 2012). In November 2015 through Amendment Ordinance 2015, PPIB has been awarded additional mandate by the Government of Pakistan to handle power projects in the public sector as well and to implement and operate them as independent and efficient corporate entities.

2.2 Functions of PPIB 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.

2.3 Composition of the Board of PPIB

The Federal Minister for Water and Power now Ministry of Energy (Power Division) heads the Board as Chairman with members from the relevant ministries at Secretary level, provincial representatives and also private members.

COMPOSITION OF THE BOARD OF PPIB DURING THE YEAR 2017-18

Chairman



Mr. Awais Ahmed Khan Leghari

Federal Minister of Energy
(Power Division)



Mr. Yousaf Naseem Khokhar

Federal Secretary
Ministry of Energy (Power Division)



Mr. Shah Jahan Mirza

Managing Director
Private Power and Infrastructure Board
(Secretary of the Board)



Mr. Arif Ahmed Khan

Federal Secretary
Ministry of Finance



Mr. Jalal Sikandar Sultan Raja

Federal Secretary
Ministry of Energy (Petroleum Division)



Mr. Shoaib Ahmad Siddiqui
Federal Secretary
Planning Commission



Mr. Tariq Mahmood Pasha
Chairman
Federal Board of Revenue



Lt. General Muzammil Hussain (Retd)
Chairman
Water and Power Development Authority

**Chief Secretaries of Provinces and AJ&K or their nominees not below the rank of
Additional Secretary or equivalent**



Captain (Retd) Zahid Syed
Chief Secretary
Government of Punjab



Mr. Rizwan Memon
Chief Secretary
Government of Sindh



Dr. Ijaz Munir
Chief Secretary,
Government of Azad Jammu & Kashmir



Engr. Muhammad Naeem Khan
Secretary Energy
Government of Khyber Pakhtunkhwa



Mr. Khaleeq Nazar Kayani
Secretary Energy
Government of Balochistan

Representatives from Gilgit-Baltistan and FATA



Mr. Mian Muhammad
Secretary
Administration, Infrastructure &
Coordination FATA Secretariat

**Position from
Gilgit-Baltistan
is Vacant**

Representatives from private sector from each Province



Mr. Abdul Rauf Baloch
(Balochistan)

Position from private sector from each Province is Vacant

**Position from
private sector
from Punjab is
Vacant**

**Position from
private sector
from Sindh is
Vacant**

**Position from
private sector
from Khyber
Pakhtunkhwa is
Vacant**

2.4 PPIB and the Power Sector

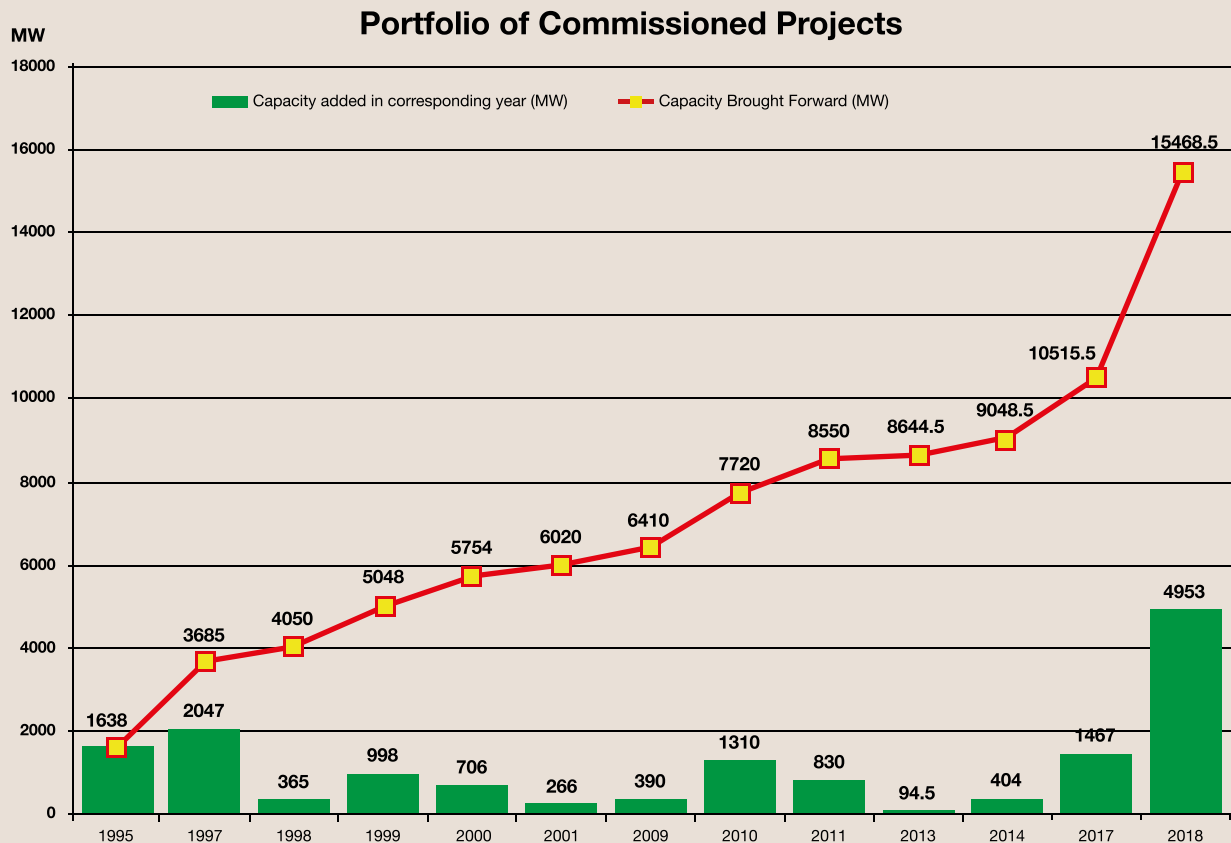
The initiative of private power started in the country during late 1980s during which the Hub Power Project also initiated a proposal to build an IPP. The same was dealt by the Private Power Cell under the Ministry of Water & Power (now Ministry of Energy (Power Division)). The Private Power and Infrastructure Board (PPIB) was created in August 1994 by revamping and reorganizing the Private Power Cell of the Ministry of Water and Power to act as a "one-window" facility for the investors interested in power generation and allied infrastructure. PPIB has developed itself into a skilled and reliable institution and has bagged numerous laurels for multi-faceted roles. PPIB has processed and facilitated numerous investment proposals from private sector under different policy frameworks including the Power Generation Policy 1994 (besides HUBCO which was the fore-runner of Power Policy 1994), Hydel Policy 1995, Power Generation Policy 2002 and Power Generation Policy 2015. In addition, PPIB also processed a Transmission Policy in 1995.

In order to function more efficiently, PPIB was given legal cover through Act of the Parliament which received assent of the President of Pakistan on 2nd March 2012. The Government of Pakistan announced Power Generation Policy 2015 aiming to accommodate new fuels like Coal and RLNG plus PPIB was allowed to issue Tripartite Letter of Support for processing of projects initiated by the Provinces. Through the Private Power and Infrastructure Board (Amendment) Act, 2016 PPIB was mandated to process public sector power generation projects in IPP mode pursuant to the provisions of Power Generation Policy 2015, so that the incentives, concessions and facilitation by PPIB should also be extended to these companies under the applicable policies, similar to other IPPs in the private sector. Similarly for developing transmission line projects, the GoP announced Policy Framework for Private Sector Transmission Line Projects, 2015 which was prepared with

due assistance of PPIB to attract private sector investments for augmentation of transmission network in the country for evacuating and transmitting electricity from upcoming power projects to the load centres of the country. So far, PPIB has handled the IPPs program quite efficiently which is evident from the fact that PPIB has added around 15,468 MW into the national grid by year ending June 2018. Year-wise additions made by PPIB in energizing national grid are exhibited as follows:

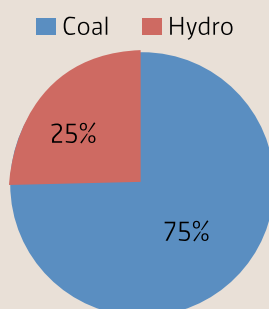
Salient Features of Power Generation Policy 2015

- PPIB /relevant entities in the Provinces / AJ&K / GB will provide a one-window facility for implementation of projects under the Policy.
- Exemption from Corporate Income Tax, Turnover Tax, Withholding Tax and Sales Tax, only 5% concessionary Import Duty on plant & equipment not manufactured locally
- GOP Guarantees obligations of power purchaser & provinces
- GOP provides protection against Political Force Majeure, Change in Law and Change in Duties & Taxes
- For Hydro Power Projects; WUC will be paid @ Rs. 0.425/ kWh to the province where the project is located.
- Power Purchaser to bear Hydrological Risk for Hydro projects
- Attractive ROE provided by the Regulator
- To mitigate high underground geological risk, long construction period and environmental sensitivities following tariff re-openers are provided by NEPRA
- Cost Escalation in Civil and Cost Variation for E&M works
- Resettlement Cost
- Cost variation due to Geological Conditions limited to Tunnel Area
- Tariff indexation for inflation (US CPI & Pak WPI)
- Government ensures conversion of Pak Rupee & remittance of foreign exchange for project-related payment



Currently PPIB is implementing two robust policy frameworks i.e. Power Generation Policy 2015 and Policy Framework for Private Sector Transmission Line Projects 2015. Both policies carry market competitive incentives and simplified procedures for the investors to attract investments for development of new power generation and transmission lines projects in the country. These policy frameworks have received overwhelming market response as a result, PPIB is currently handling

IPPs under CPEC being processed by PPIB



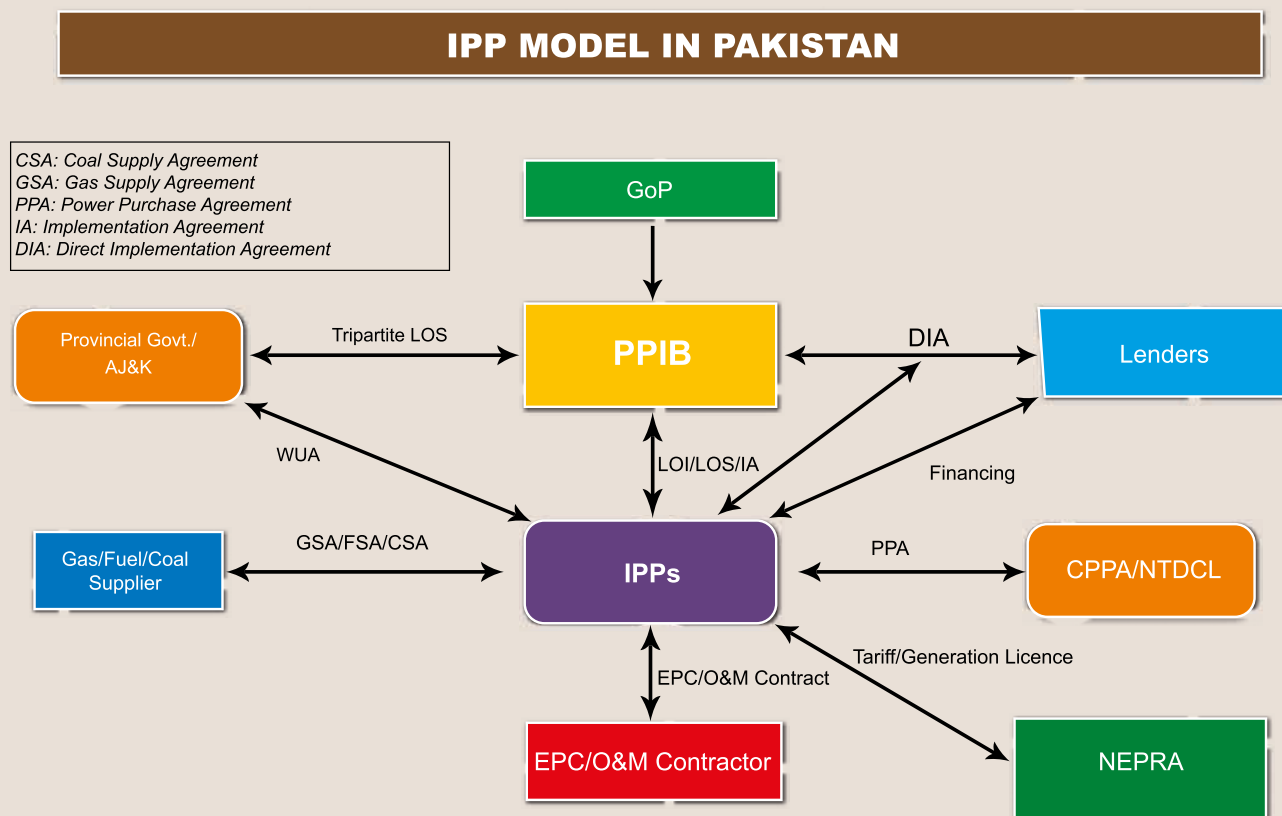
Salient Features of Policy Framework for Private Sector Transmission Line Projects, 2015

- Award of Projects through ICB and Upfront Tariff on BOOT basis
- Policy covers Transmission Line & Grid Station projects of 220 kV voltage level and above (EHVAC & HVDC)
- Land & Legal Right of way provided by NTDC
- Project Term: 25 years
- Transmission utility (NTDC) to pay a fixed Transmission Service Charge, regardless of the quantum of energy transmitted
- Exemption from Corporate Income Tax for first ten years including turnover rate tax and withholding tax on imports
- Standardized Security Package (IA & TSA)
- One Window facility by PPIB

large portfolio of 30 multiple fuel based power projects of 20,400 MW from which one hydro project of 147 MW, two imported coal based projects of 2,640 MW cumulative capacity and two RLNG based projects of 2,410 MW cumulative capacity have already been commissioned while another RLNG based project of 1223 MW is under testing and commissioning which is expected to start

commercial operations by July 2018. PPIB is also acting as front line institution of the government in implementing flagship China Pakistan Economic Corridor (CPEC) program by processing major chunk of energy sector projects under the auspices of this initiative. The portfolio of nine coal based projects of 8,220 MW, three hydro based projects of 2,714 MW and one Transmission Line project is included in the overall portfolio of Projects being processed by PPIB.

Pursuant to various policy frameworks announced in 1994, 1995, 2002 and 2015, PPIB has so far attracted Foreign Direct Investment of around US\$ 17 billion through implementation of thirty seven power



generation projects of more than 15,400 MW while few other projects are at advance stages of processing. Such statistics give PPIB a unique stature among all organizations in Pakistan's Power Sector. This huge investment outlay with its multiplier effect has tremendously benefited country's economy. An indirect contribution is the creation of numerous employment opportunities at project sites at various locations of the country, which include remote and undeveloped areas as well. This has boosted Pakistani economy not only currently but also in the past when worst recessionary waves had shaken the strongest economies of the world. The banking sector which was worst hit at that time is thriving and benefitting very well in Pakistan from IPP business. Other beneficiaries include construction industry (which itself is a combination of different industries such as cement industry, steel industry, etc.), service industry i.e. law firms, technical and environment related individuals and consulting firms. Skill development (and the resultant export of manpower and their remittances) and future prospects on manufacturing sector are some other areas where there is direct impact of improvement due to IPPs induction through PPIB. The IPPs have also contributed in the social welfare in their respective localities in terms of establishment of schools, hospitals, community centers, clean drinking water facilities etc. IPPs have further participated in improvement of

environment through plantation of trees.

PPIB has been trying to induct indigenous potential into power generation to make power affordable and reliable. The end dream of PPIB is to achieve sustainability in the entire system which is only possible by adding affordable and less expensive megawatts and arranging adequate transmission facilities. For the first time in the history of Pakistan serious efforts were made to accommodate indigenous, renewable fuels/resources for power generation

which are abundantly available across Pakistan besides arranging less expensive imported fuels like coal and RLNG to find short to long term solution of the crisis. All such projects are being developed in strict compliance with the International environmental/emissions standards of World Bank/IFC alongwith standards of the Pakistan Environmental Protection Agency and provincial agencies.

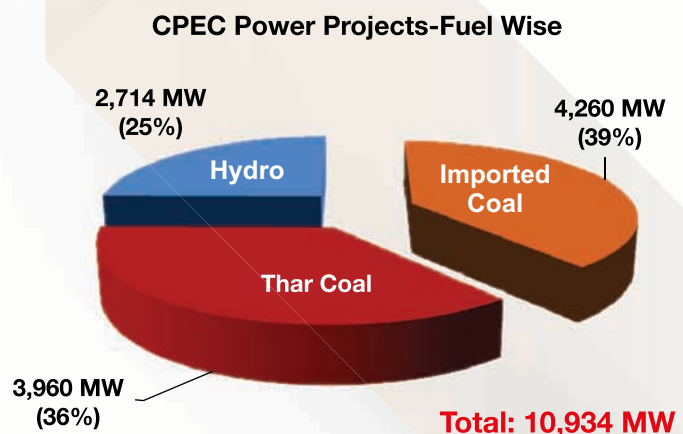
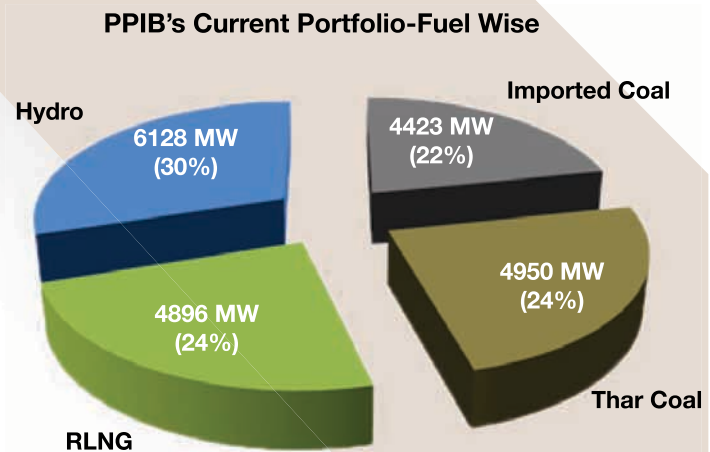
The rich experience in dealing with sponsors and their respective lenders hailing from all over the world has given PPIB a foresight and a vision which is quite helpful for other sectors as well. Significance of PPIB is evident from the fact that PPIB is discharging the role of the Agent for AJ&K in processing power generation projects. It is another proud fact that many countries around the globe which opted for IPP model have learnt from PPIB experience and by adopting policies and standard security package agreements drafted by PPIB.

PPIB is playing a significant role in meeting the energy needs of Pakistan through bringing in affordability, sustainability and improvements in electricity supplies, and with the passage of time it is expected that this role will be further strengthened and the share of private sector in power generation will further increase. This clearly demonstrates the confidence of local and foreign investors in Pakistan.

2.5 Energy Cooperation under China Pakistan Economic Corridor

China-Pakistan Economic Corridor (CPEC) is one of the six major economic corridors under the One Belt One Road (OBOR) Initiative. CPEC is about 3,000 km, which starts from Kashi, Xinjiang and ends at Gwadar Port in Pakistan. The important strategic decision made by both China and Pakistan to plan and push the construction of CPEC renders an important significance for consolidating the all-weather strategic cooperative partnership, furthering the economic relation and facilitating the cultural and educational exchange between the two countries.

CPEC accords the construction of Gwadar Port, energy and transportation infrastructure and industrial cooperation as the key to the OBOR initiative. Adhering to the concept of mutual



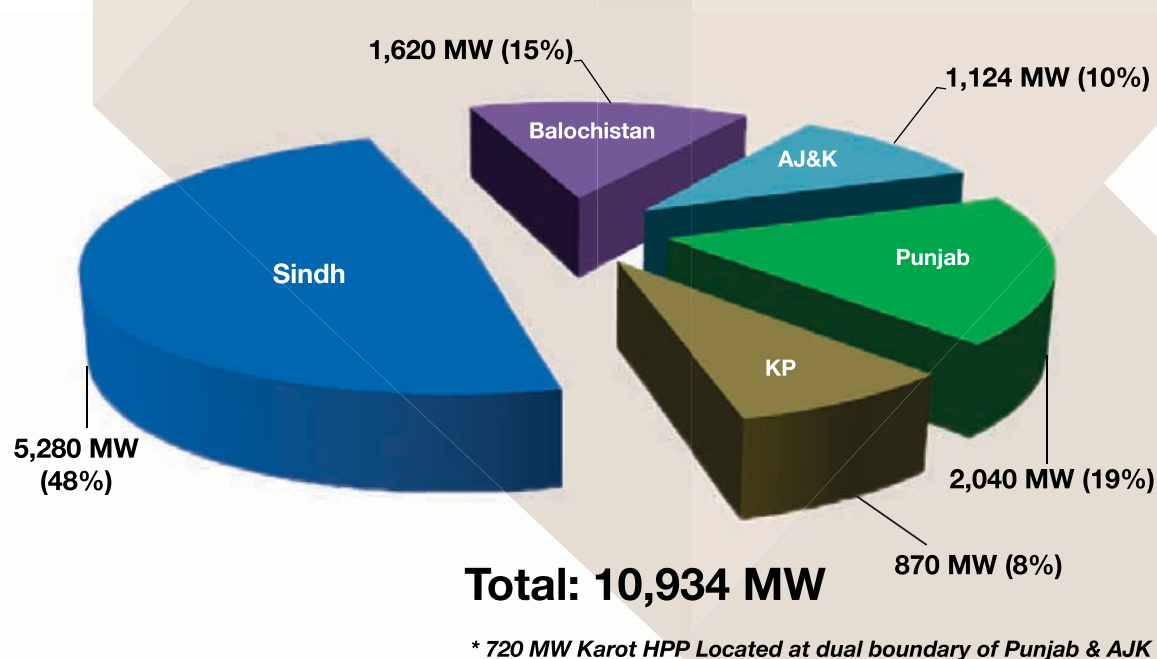
benefits, market cooperation, universal benefits with win-win results, CPEC has deepened the energy cooperation and achieved great results. Adhering to the principle of mutually beneficial activities, the energy cooperation also focuses on people's livelihoods, environmental protection and capacity building to promote universal advantages and sharing of achievements. The cooperation upgrades capacity facilities to promote efficient, clean and sustainable utilization of energy. It also strengthens data support services, conducts scientific research, academic exchanges and other forms of government and non-governmental exchanges.

PPIB is handling majority of energy related projects under the CPEC which is summarized as follows:

- Four imported coal based power projects of 4,260 MW
- Five thar coal based power projects of 3,960 MW
- Three hydro based power projects of 2,714 MW
- One HVDC Transmission Line Project of 4000 MW load transmitting capacity

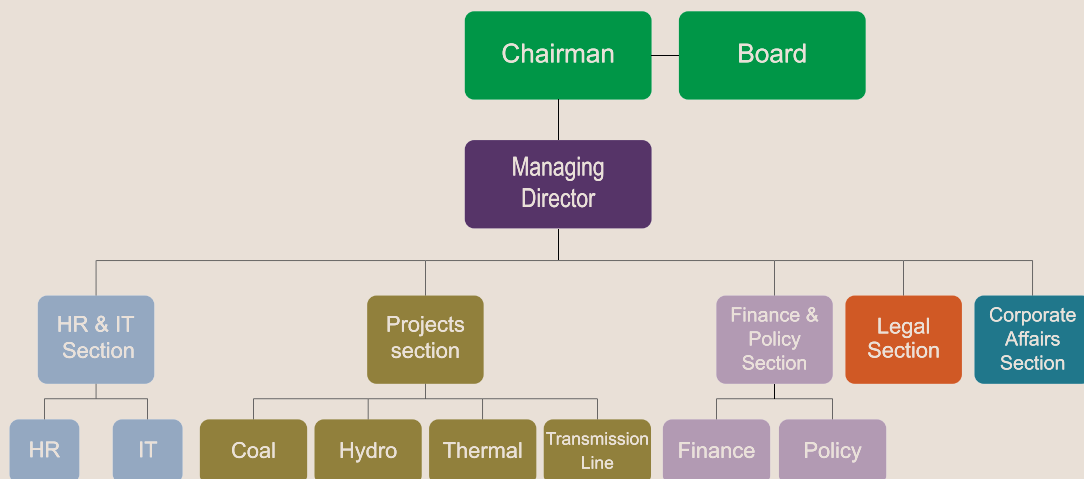
PPIB has been rigorously monitoring the progress of these projects through regular site visits and through monthly / quarterly progress reports submitted by the project companies. This thorough progress monitoring not only helps the sponsors of the projects towards timely development of their projects but also provides full support to them for ensuring smooth and effective completion of these projects. As a result of speedy facilitation by PPIB, so far, two imported coal based power generation projects have been commissioned and both projects have achieved this milestone ahead of stipulated timelines.

CPEC projects are located in all four provinces and Azad Jammu & Kashmir. Province wise detail of CPEC based energy projects is as follows:



2.6 Organogram

The Chief Executive Officer of PPIB is the Managing Director appointed by the Government of Pakistan. The Managing Director is also the Secretary of the Board, and heads five distinct sections i.e. Projects, Legal, Finance & Policy, Corporate Affairs and Human Resources and Information Technology. 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, they can handle complex issues while also 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. The functional organogram of PPIB is as depicted below:



2.7 Meetings of the Board

During the financial year 2017-18, seven meetings of the Board of PPIB were held under the chairmanship of honourable Minister for Power Division, Ministry of Energy who is also the Chairman of PPIB. Brief on the key decisions taken in the 111th to 117th Board meetings are as follows:

a) 111th Board Meeting held on 25th October, 2017

Agenda Item

1250 MW R-LNG Based IPP near Trimmu Barrage, District Jhang by Punjab Thermal Power (Pvt.) Ltd.

Board Decision

Issuance of LOI to the project was approved.

Agenda Item

Additional Time for signing of Project Agreements for Pak Matiari-Lahore Transmission Company (Pvt.) Limited for ± 660 kV HVDC (4000 MW) Transmission Line Project

Board Decision

Board granted a further time of 12 weeks for signing of the Project Agreements (IA and TSA) to facilitate the project.

Agenda Item

Processing of 132 MW Rajdhani Hydropower Project located on Poonch River AJ&K

Board Decision

The Board directed PPIB to re-advertise the project to invite fresh proposals under the Power Generation Policy 2015; in line with the criteria & terms given in the 'Salient Features' of EOI document.

Agenda Item

Suki Kinari Hydropower Project – Change in Shareholding

Board Decision

The change in shareholding as allowed in line with Section 12.3(d) of the ECC approved standard Implementation Agreement was approved.

Agenda Item

500 MW Chakothi – Hattian Hydropower Project – Implementation Status of the Project

Board Decision

It was approved that Chakothi Hattian Hydropower Project be advertised under and in accordance with the Power Policy 2015 according to the new optimized size of 500 MW.

Agenda Item

Special Security Arrangement for Hydropower Projects in AJ&K

Board Decision

Board advised that the Ministry of Energy (Power Division) should take lead and hold a meeting with the Ministry of Interior and Government of AJ&K within fifteen (15) days to find a way forward in the matter.

b) 112th Board Meeting held on 31st October, 2017

Agenda Item

660 MW Lucky Electric Power Company Limited Coal Based Project

Board Decision

- Board granted extension in the term of LOS to M/s Lucky Electric Power Company (LEPCL) for achievement of FC upto 30th June 2018, to facilitate project development.

- Board allowed LEPCL to use imported coal till COD of SECMC Coal Mines (Phase-III) at Thar, in light of the directive of CCoE of the Cabinet. The decision would be applicable for Thar coal based projects being developed to use coal from Phase-III of Thar Block-II. However, the COD for the Projects may be set as closer as possible to the expected COD of the Phase-III coal mine, so that the time period for use of imported coal could be minimized. The Agreements must restrict use of imported coal as soon as COD of Thar coal mine is achieved.

Agenda Item

1320 MW Thar Coal Block-I Power Generation Company (Pvt.) Limited (Shanghai Electric) – Extension in Letter of Support (LOS)

Board Decision

Board granted 6 months extension in Financial Closing date (i.e. upto 20th April 2018) for M/s Thar Block-I Power Generation Company (Pvt) Limited, to facilitate project development activities.

Agenda Item

Execution of Implementation Agreements and Supplemental to the Implementation Agreements with the Coal Based Power Projects

Board Decision

- The Board approved signing /execution of the Implementation Agreements with the following companies:
 - Thar Coal Block-1 Power Generation Company (Private) Limited ;
 - Thar Energy Limited;
 - ThalNova Power Thar Private Limited
 - Lucky electric Power Company Limited; and
 - Siddiqsons Energy Limited.
- The Board approved signing /execution of the Supplemental Agreements to the Implementation Agreements with the following companies:
 - Thar Coal Block-1 Power Generation Company (Private) Limited;
 - Thar Energy Limited; and
 - ThalNova Power Thar Private Limited

Agenda Item

118.8 MW Fatima Energy Limited Cogeneration Power Project

Board Decision

- Board approved withdrawal / termination of LOS of M/s Fatima Energy Limited with retrospective effect from the date of judgement of honourable Islamabad High Court i.e. 6th September 2017.
- Actions on cancellation/withdrawal of LOS and return on encashment of PG (in accordance with the opinion of Law Division) be taken by PPIB after receipt of Law Division opinion.

Agenda Item

Arbitration by Three (3) IPPs

Board Decision

Ministry of Energy will assist in seeking formal response from the AG Office, and way forward would be decided in line with the formal reply of the AG office.

Agenda Item

Approval for Processing of Small Hydropower Projects in Azad Jammu & Kashmir (AJ&K) under Tripartite LOS Regime

Board Decision

Board deferred the Agenda Item with the direction that the matter will be considered again in line with the Consultant report on demand-supply scenario to be approved by the Government.

c) 113th Board Meeting held on 11th January, 2018

Agenda Item

Approval of Execution of Implementation Agreement and Supplemental Agreement with Pak Matiari-Lahore Transmission Company (Private) Limited

Board Decision

- Board allowed extension of 10 weeks in deadline for signing of the Project Agreements (TSA and IA) i.e. by 2nd March 2018 for project facilitation.
- Board approved execution of Implementation Agreement by MD PPIB with Pak Matiari-Lahore Transmission Company (Private) Ltd.

Agenda Item

300 MW Imported Coal Power Project at Gwadar – Extension in Letter of Intent (LOI)

Board Decision

Board granted extension in the LOI upto 25th May 2018 for project facilitation.

Agenda Item

Timelines for Coal Based Power Projects at Thar

Board Decision

Board directed PPIB to hold consultation with all relevant stakeholders including NTDC/CPPAG and present firmed-up recommendation regarding CODs of the coal power projects for consideration / approval of PPIB Board in its next meeting.

Agenda Item

1320 MW Imported Coal based Power Project at Hub, Balochistan

Board Decision

Board granted three (3) months extension in the Financial Closing (FC) upto 7th March 2018 under Section 8.4 (ii) (b) of the Power Generation Policy 2015 for facilitation of project development.

Agenda Item**Implementation of 300 MW Ashkot Hydropower Project AJ&K****Board Decision**

Board advised that decision regarding the issuance of LOI to Ashkot Hydropower Project by PPIB would be made after finalization of the National Electricity Policy to be finally approved by the Council of Common Interests (CCI).

Agenda Item**Extension in Validity of LOS for Achievement of Financial Closing of 1124 MW Kohala Hydropower Project****Board Decision**

Board granted extension in the validity of the LOS of Kohala Hydropower Project for 12 months (upto 31st December 2018) to facilitate the project.

Agenda Item**ECC Summary for Approval of IA, PPA and RA for 1263.2 MW RLNG Based Public Sector Power Generation Project near Trimmu Barrage, Jhang, Punjab by Punjab Thermal Power (Pvt.) Limited****Board Decision**

(a) Board approved the draft ECC Summary submitted by PPIB to Ministry of Energy (Power Division) containing the following recommendations:

- i) Standard IA already approved by ECC exclusively for the Public Sector Power Projects to be executed by PPIB for the Project;
- ii) Project specific PPA and Reimbursement Agreement for execution by CPPA-G with the Project Company and Pakistan LNG Limited respectively;
- iii) CPPA(G) may further be authorized to make and approve any amendments in the project specific PPA required to comply with NEPRA's Tariff Determination;
- iv) In case of privatization of the Project in future, the ECC before such privatization takes place, shall review and adjust the risk allocation under this Agreement and Power Purchase Agreement, which is meant exclusively for R-LNG based public sector power projects particularly pertaining to Non-Supply Event (as defined in the PPA), in light of the prevailing power policy for private sector power projects at the time of such privatization.

Agenda Item

Hiring of Consultant to Develop a Strategy for Merger of AEDB with PPIB and Restructuring of PPIB

Board Decision

- i) Board approved the Proposal to develop an HR Strategy for Merger of AEDB with PPIB and prepare reorganization plan.
- ii) Board also advised PPIB to prepare the requisite Request for Proposal (RFP) and initiate process for hiring of independent HR Consultant.

Agenda Item

Approval for Processing of Small Hydropower Projects in Azad Jammu & Kashmir (AJ&K) under Tripartite LOS Regime

Board Decision

The matter for processing of small hydropower projects in Azad Jammu & Kashmir, Khyber Pakhtunkhwa, Punjab, etc. under Tripartite LOS regime will be dealt with in accordance with the National Electricity Policy to be approved by the CCI.

Agenda Item

Regular Source of Income for PPIB

Board Decision

The Board approved revised processing fees.

d) 114th Board Meeting held on 17th January, 2018

Agenda Item

150 MW Coal Based Power Project by M/s Grange Power Limited – Extension in FC and COD

Board Decision

To facilitate the project, Board allowed three (3) months extension in the FC date upto 31st March 2018 and three (3) months extension in the COD date upto 31st December 2019

Agenda Item

In-principle Approval for Coordination and Indemnity Agreement between the Federal Government and the Government of Sindh

Board Decision

Board approved in principle the draft Coordination and Indemnity Agreement for circulation and negotiation with Government of Sindh through Ministry of Energy (Power Division). Board further directed to conclude the proposed Agreement within one month and present the same for its consideration.

Agenda Item

Approval of the Audited Accounts for the Year ended June 30, 2017

Board Decision

- Board constituted the Audit & Finance Committee with Member from M/o Finance, while the other members of the Committee to include Member from Planning Division and one Member each representing Governments of AJK, Punjab and KP.
- Board also formed the HR Committee with one Member each representing Governments of Balochistan and Sindh and one Member each from M/o Finance, Planning Division and WAPDA.
- Board also directed Audit & Finance Committee to review the Accounts of PPIB and present its recommendations on the Audited Accounts of PPIB for consideration / approval of the Board.

Agenda Item**Power Project at Thar Block VI by Thar Electricity (Pvt) Limited (Oracle)****Board Decision**

Board directed that the Notice to Proceed and Letter of Intent may be issued to Thar Electricity (Private) Limited for the development of Phase-I 700 MW (2x350 MW) Thar coal based power plant located at Thar Block-VI, Sindh, upon fulfilment of all the prerequisites including necessary approvals for change in shareholding, size and implementation of the Project in two phases by the Joint Energy Working Group (JEWG) and Joint Cooperation Committee (JCC) of CPEC.

Agenda Item**Acknowledgement by PPIB of the Interim Agreement for Supply of RLNG****Board Decision**

Board authorized MD PPIB to acknowledge the ECC-approved Interim Agreement for Supply of RLNG executed in respect of four IPPs (Halmore Power Project, Saif Power Project, Orient Power Project and Sapphire Electric Power Project) strictly in line with the ECC decision and subject to written clarification to be provided by CPPAGL.

Agenda Item**Creation of Positions****Board Decision**

Board advised that the HR Committee (consisting of one Member each representing Governments of Balochistan and Sindh and one Member each from M/o Finance, Planning Division and WAPDA) should review the proposal for creation of positions in PPIB and present its recommendations in the next Board meeting for consideration.

e) 115th Board Meeting held on 14th March, 2018**Agenda Item**

Extension in Financial Closing Date and Deadline for Signing of the Project Agreements for 660 KV HVDC Matiari-Lahore Transmission Line Project

Board Decision

- Board approved submission of draft Summary to the ECC of the Cabinet soliciting extension in FC deadline by around 7 months i.e. upto 1st December 2018 for the 660 kV Matiari-Lahore HVDC Transmission Line Project for facilitation of the project.
- Board also approved extension in deadline for signing of the Project Agreements for the HVDC Transmission Line Project by four months i.e. by 2nd July 2018.

Agenda Item

330 MW Thar Coal based Power Project at Thar Block-II, Sindh by Thar Energy Limited – Extension in FC Date

Board Decision

- Board granted six (6) months extension to Thar Energy Limited (TEL) in the Financial Closing Date upto 8th September 2018 for project facilitation.
- The Board advised that all efforts should be made to convince TEL to pick its portion of TSC on pro rata basis if TEL fails to achieve its COD in accordance with the PPA.

Agenda Item

330 MW Thar Coal based Power Project at Thar Block-II, Sindh by ThalNova Thar Pvt. Limited – Extension in Financial Closing and Commercial Operation Date

Board Decision

- Board granted six (6) months extension to ThalNova Thar (Pvt.) Limited for project facilitation.
- The Board advised that all efforts should be made to convince TNTPL to pick its portion of TSC on pro rata basis if TNTPL fails to achieve its COD in accordance with the PPA.
- Board further agreed that mechanism for imposition of LDs for delay in COD of power projects is not envisaged in the IA; hence amendment / new LDs will have to be incorporated in relevant clauses of PPA only.

Agenda Item

Processing of Small Hydropower Projects under Tri-Partite LOS Regime / Power Generation Policy 2015

Board Decision

Board decided that Small Hydropower Projects referred by the Provinces and GoAJK will be considered for further processing after formulation / approval of National Energy Policy and Plan and accordingly PPIB should contest the writs filed by two companies (M/s Trident Power JB and M/s Riali Hydro Power Company) on merits of the cases.

Agenda Item

PPIB Project Processing Fees

Board Decision

Board did not agree with the request of China Power Hub Generation Company (CPHGC) for refund of the fee and advised PPIB to charge fee as per decision of PPIB Board taken in the 113th Board meeting.

f) 116th Board Meeting held on 9th May, 2018**Agenda Item**

Revolving Account for HVDC Transmission Line Project under CPEC

Board Decision

Board after deliberating and considering the opinions of Ministry of Law & Justice, relevant ECC and CCOE decisions, approved that revolving account provision shall be applicable to HVDC Transmission Project being CPEC Project and authorized MD PPIB to sign the draft Supplemental Agreement already approved in its 113th Meeting.

Agenda Item

1320 MW Thar Coal based Power Project by M/s Thar Coal Block-1 Power Generation Company (Pvt) Limited (TCB-1) – Extension in Financial Closing Date

Board Decision

Board granted six months extension in Financial Closing date (i.e upto 20th October 2018) for facilitation of the project with the condition that the Project will achieve Commissioning of the first unit by 1st March 2021 and project COD by 1st August 2021. The extension in Financial Closing will be subject to doubling the amount of the existing PG and extending its validity for a period not less than three months beyond the extended FC Date.

Agenda Item

700.7 MW Azad-Pattan Hydropower Project – Allowing One (1) Year time in the Letter of Support Earlier Reduced by PPIB

Board Decision

Board approved extension in the Financial Closing date for Azad-Pattan Hydropower Project for 12 months for facilitation of the project (upto 30th June 2019) i.e. equal to period which was reduced by PPIB at the time of issuance of the LOS, subject to provision of extended Bank Guarantee by the Project Company for the revised capacity of 700.7 MW upto 30th September 2019 (i.e 3 months beyond the extended Financial Closing date).

Agenda Item

150 MW Coal based Power Project by M/s Grange Power Limited – Extension in FC and COD Dates

Board Decision

- Board approved extension in Financial Closing date till 8th August 2018 and COD date till 8th August 2020 for facilitation of the project; subject to doubling the amount of existing PG amount

(i.e.US\$ 20,000/MW) with (3) three months validity beyond extended Financial Closing date.

- Board issued standard instructions that all extensions may be communicated to Project Companies / sponsors without any delay and waiting for approval of the Minutes.

Agenda Item

545 MW Kaigah Hydropower Project – Joining of SK E&C of Korea as Main Sponsor

Board Decision

- Board directed to do in house due-diligence and resubmit the working Paper through circulation to the members of the Board with clear recommendations.
- Board further directed PPIB to place necessary checks in its system and make periodic review of the projects including composition of the sponsors / consortium to avoid such happening in future.

Agenda Item

Power Project at Thar Block-VI by Thar Electricity (Pvt.) Limited (Oracle)

Board Decision

- Board directed PPIB to proceed as per recommendation of the Experts Panel of CPEC and seek approval of JEWG and JCC as quickly as possible.
- Board further directed the Power Division to write to concerned quarters for convening the meeting of JEWG at the earliest.

Agenda Item

PPIB Fee and Charges Rules 2018

Board Decision

Board approved the draft “Private Power & Infrastructure Board (Fee and Charges) Rules 2018 for notification in official gazette subject to final vetting by Ministry of Law & Justice to be solicited through Power Division.

g) 117th Board Meeting held on 25th May, 2018

Agenda Item

Timelines for Coal Power Projects at Thar Block-II, Sindh by ThalNova Private Ltd. and Thar Energy Ltd.

Board Decision

In view of the ground realities of generation and transmission line projects and taking into consideration that there would be no adverse financial impact on GoP:

- Board granted three (3) months extension in the COD for both the TNTPL and TEL till 31st March 2021 with the condition that each of TNTPL and TEL shall pay to CPPA-G by way of LDs a pro-rata amount equivalent to the Transmission Service Charge (TSC) payable by NTDC to Pak Matiari-Lahore Transmission Company Limited in case there is delay in achieving the RCOD under their respective

PPAs. In return, Section 14.1(a)(ii) of the Implementation Agreement (IA) will be amended whereby the existing 400 days default period (after which GOP is entitled to terminate the IAs and exercise the option to take over the Project) will be increased to 490 days;

- Board further advised that CPPA-G in order to make the PPA consistent with the IA may amend the relevant provisions thereof with the approval of its Board.

Agenda Item

300 MW Imported Coal Power Project at Gwadar – Extension in LOI

Board Decision

Since the reasons for delay are not attributable to the Project Company (Sponsors), the Company be granted 6 months extension in the term of the LOI (i.e. up to 24th November 2018) for the 300 MW imported coal Power Project at Gwadar without doubling the amount of PG; subject to extension in the validity of PG for a period not less than 3 months beyond the extended LOI to facilitate the project.

Agenda Item

120 MW (Gross) Co-Generation Power Project by Fatima Energy Limited (FEL)

Board Decision

- Board authorized the PPIB Management to review various aspects of the matter and take suitable action as per law / policy regarding cancellation of the registration of Fatima Energy Limited (FEL) project.
- The request of FEL for revival or issuance of new LOS be declined by PPIB providing comprehensive reasoning.

Agenda Item

Briefing by MD on PPIB's Key Achievements during last 5 years

Board Decision

Board appreciated the hard work and outstanding achievements of PPIB and approved payment of honoraria for all PPIB employees.

Projects Development Activities





3.1 Projects Development Activities

PPIB during 2017-18, efficiently processed portfolio of power generation projects based on multiple fuels/technologies i.e. Hydro, Coal and R-LNG. Majority of projects were targeted to be completed during 2017-18 to encounter electricity shortages in the country. PPIB grasped tremendous success in facilitating a large portfolio of thirty power generation projects of 20,400 MW, and a transmission line project having 4000 MW load carrying capacity. In order to diversify the energy mix, PPIB is prioritizing hydro and thar coal resources for power generation while promoting imported coal based power generation as a reliable base load solution.

During 2017-18, following five projects of 5,197 MW achieved Commercial Operation Date (COD) through PPIB's facilitation while R-LNG based 1,223 MW Power Project at Balloki is under testing & Commissioning stage which is expected to be commissioned within July 2018.

S.No.	Project Name	Capacity	Commissioned on
a)	Imported Coal based Sahiwal Power Project	1,320	28.10.2017
b)	Partind Hydropower Project	147	08.11.2017
c)	Imported Coal based Port Qasim Power Project	1,320	25.04.2018
d)	RLNG based Haveli Bahadur Shah Power Project	1,230	09.05.2018
e)	RLNG based Bhikki Power Project	1,180	20.05.2018
Total (MW) Commissioned		5,197	
f)	RLNG based Balloki Power Project	1,223	Under Testing and Commissioning
Grand Total (MW)		6,420	

First time in the energy history of the country, indigenous coal alongwith less expensive imported fuels like coal and R-LNG have been introduced to improve the energy mix of country under the objective of providing affordable and less expensive electricity. Hydro & local/indigenous coal based power projects have been initiated to cater the long term electricity requirements of the country and to trade off the anticipated impact on foreign exchange reserves due to imported fuels resources for power generation while imported coal based power generation is being promoted as a reliable base load solution. In this regard, policy framework was also required to be aligned for accommodating such fuels for power generation for which Power Generation Policy 2015 was announced in April 2015.

In addition to the commissioned projects, during 2017-18, number of other power generation projects have also been facilitated by PPIB in achieving important milestones such as issuance of LOI, completion of Feasibility Studies, issuance of LOS, execution of Security Package Agreements, and achievement of Financial Close etc.

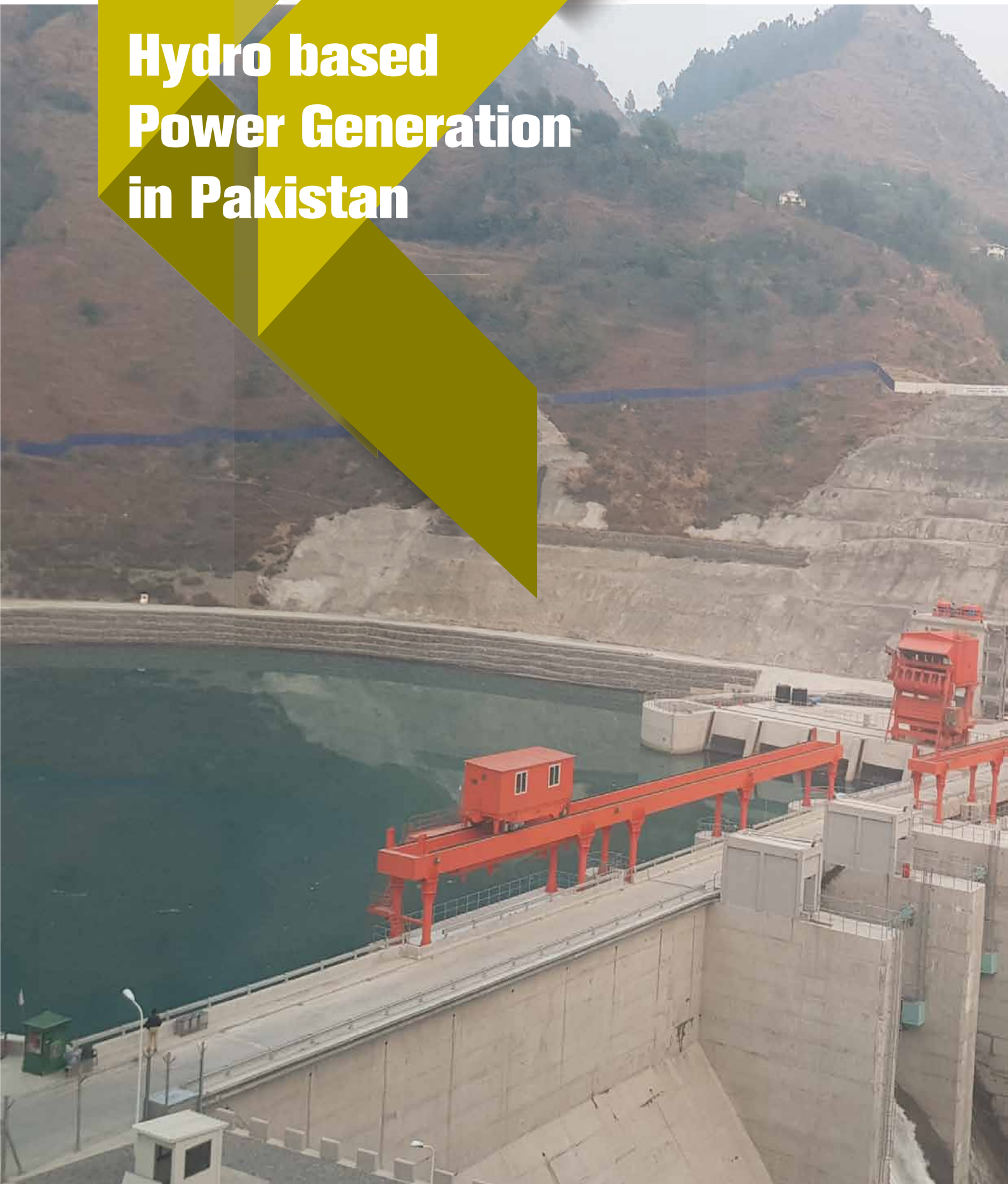
PPIB is also processing Pakistan's first private sector Transmission Line project in line with the GoP's Policy Framework for Private Sector Transmission Line Projects, 2015 prepared with the assistance

of PPIB to attract private sector investment for augmentation of transmission network in the country and to compliment the upcoming power generation projects. Currently, PPIB is facilitating ± 660 kV Matiari-Lahore HVDC (High Voltage Direct Current) Transmission Line Project under the CPEC framework. This Project is not only the first transmission line project being developed by the private sector but it will also be first ever HVDC transmission line project in Pakistan. PPIB has issued Letter of Support to this project on 4th August 2017 and it is being vigorously pursued for achieving Financial Close which is expected by end 2018. The HVDC transmission system offers many discrete advantages for power transmission over longer distances in terms of more transmission capacity, lesser losses and cost effectiveness etc. This project will open new horizons through introduction of HVDC technology in Pakistan and provision of training and development of skills of local professionals to implement and operate such projects in Pakistan in the future.

For removing major bottlenecks in the development of power projects in the private sector through provinces, particularly the small hydro projects, PPIB has started issuing Tripartite Letters of Support under Power Generation Policy 2015. This initiative will attract and encourage potential investors in developing small to medium size power projects based on local resources. In addition, other economic activities around the Projects' sites are also likely to witness a major increase.

PPIB is committed to develop power sector on sustainable grounds by improving energy mix through inducting affordable, clean and reliable electricity and also determined improving country's transmission line infrastructure to make it efficient to transmit electricity to every nook and corner of the country. PPIB's commitment is evident through its current portfolio of projects being processed which is largely dominated by hydro and thar coal based power projects. However, since hydro and thar/indigenous coal based projects involve longer gestation periods as compared to projects based on imported fuels like coal and RLNG, therefore, the later projects were conceived to form a reliable base load and to meet immediate requirements of electricity.

Hydro based Power Generation in Pakistan





3.2 Hydro based Power Generation in Pakistan



Pakistan has been blessed with vast potential of hydropower, coal, wind, and solar energy resources. It is estimated that Pakistan has hydropower potential of around 60,000 MW, out of which around 12% has been utilized for the production of electricity while the remaining potential is still untapped. Most of the hydropower potential is located in north of the country, which offers sites for large scale (above 100 MW) power projects while smaller (less than 50 MW) sites are also available throughout the country. Apart from being

an indigenous resource for power generation hydropower is considered an environment friendly source, as well.

World-over, hydropower projects are characterized with a variety of technical and economic constraints and bottlenecks, Pakistan being no exception; these constraints include:

- hydrological risks
- resettlement
- land acquisition and environmental issues
- longer development and construction periods
- seasonal reduction and variation in generation capacity, and
- financing challenges etc.

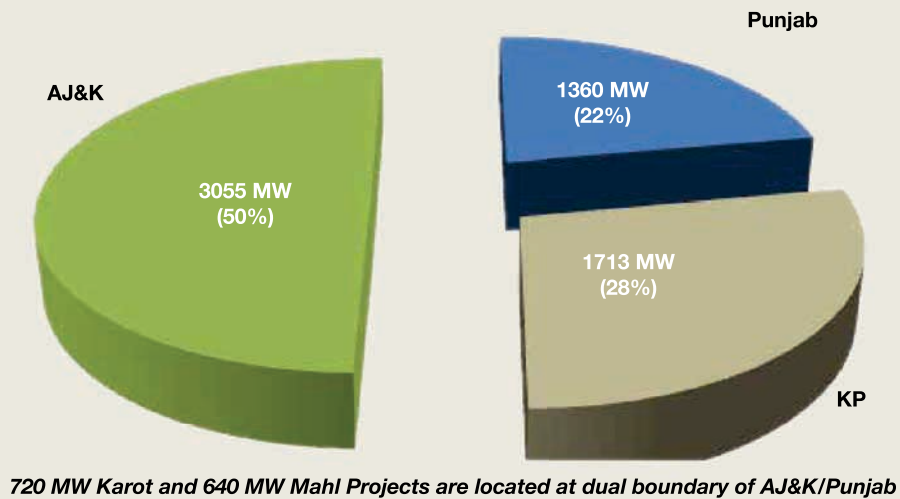
Currently PPIB is processing fourteen (14) hydropower projects of 6,128 MW which are at different stages of development, out of which 147 MW Patrind Project has been completed. Similarly, 102 MW Gulpur, 720 MW Karot and 870 MW Suki Kinari Projects are under construction while 1,124 MW Kohala and 700 MW Azad Pattan Projects are under Financial Closing stages. The portfolio of hydropower projects includes three projects of 2,714 MW cumulative power generation capacity which are being processed under China-Pakistan Economic Corridor initiative.

List of hydro based power generation projects is given as follows while status of each project is discussed briefly in forthcoming pages:

S.No.	Project Name	Capacity	Status
1	Patrind Project	147	Commissioned
2	Gulpur Project	102	Under Construction
3	Karot Project	720	Under Construction
4	Suki Kinari Project	870	Under Construction
5	Azad Pattan Project	700	Under Financial Closing
6	Kohala Project	1,124	Under Financial Closing
7	Mahl Project	640	Under LOS

8	Turtonas-Uzghor Project	58	Under LOS
9	Kaigah Project	548	Under LOS
10	Athmuqam Project	350	Under LOS
11	Chakothi-Hattian Project	500	To be advertised. COD will be assessed after issuance of LOI
12	Rajdhani Project	132	
13	Neckeherdim-Paur Project	80	
14	Madian Project	157	
Total (MW) – Hydropower Projects		6,128	

Province-Area Wise Break-up of Hydropower Projects



147 MW Patrind Hydropower Project (At River Kunhar, Muzaffarabad, AJ&K)

The 147 MW Patrind HPP is Pakistan's first private sector Hydropower Project (i.e. First Hydro IPP) under the 2002 Power Policy. The Project is located on river Kunhar and is a dual boundary project between Khyber Pakhtunkhwa and AJ&K. The Project is sponsored by K-Water & Daewoo E&C with lending from ADB, IFC, IsDB and KEXIM. After achievement of Financial Close in December 2012, the Project entered into construction phase which has also been completed and project is currently in process of testing and commissioning. The Project has the ability to inject about 690 Million clean, reliable and affordable units of electricity annually into the national grid.



Salient Features:

– Project Company:	Star Hydro Limited
– Sponsors	K. Water – Korea
	Daewoo – Korea
– Location:	Kunhar River (at tributary of River Jhelum), Muzaffarabad AJ&K
– Capacity:	147 MW
– Energy:	690 GWh

Key Milestones achieved:

– Commercial Operations Started:	8th November 2017
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102 MW Gulpur Hydropower Project (At River Poonch, Kotli, AJ&K)

The Project is located on River Poonch in district Koli, AJ&K and being sponsored by renowned Korean investors KOSEP, DAELIM & LOTTE alongwith debt financing by renowned lenders KEXIM, ADB and IFC under Power Policy 2002. After ground breaking of Gulpur Hydropower Project by the Honourable Prime Minister of Pakistan on 15th October 2015; the project achieved Financial Closing on 30th October 2015.



Salient Features:

– Project Company:	Mira Power Limited
– Sponsors	Korea South Esat Power Company, SAMBU Korea, and STX Korea
– Location:	Poonch River, Kotli, AJ&K
– Capacity:	102 MW
– Energy:	475 GWh

Key Milestones Achieved So far:

– Issuance of Letter of Support	27-04-2010
– Financial Closing Date	30-10-2015
– Construction Start	30-10-2015

Current Status:

Construction period of the Project is four years. By the end of this fiscal year around 64% construction works at site have been completed. The Project is scheduled to be commissioned in October 2019.

720 MW Karot Hydropower Project (At River Jhelum on Dual Boundary of Punjab and AJ&K)

Karot Hydropower Project is located on River Jhelum, District Rawalpindi, Punjab. The Project is included in prioritized list of China Pakistan Economic Corridor (CPEC). This is one of the large hydro IPPs in Pakistan which has the capacity to produce 3249 GWh annually. Concession documents like Government of Pakistan Implementation Agreement, AJ&K IA & WUA, PPA, Government of Punjab WUA and all the Direct Agreements with lenders have already been executed.



Salient Features:

– Project Company:	Karot Power Company (Pvt.) Limited
– Sponsors	China Three Gorges South Asian Investment Limited and Focus Power Investment Limited
– Location:	Jhelum River, Dual boundary of District Rawalpindi, Punjab & District Kotli, AJ&K
– Capacity:	720 MW
– Energy:	3249 GWh

Key Milestones Achieved So far:

– Issuance of Letter of Support	29th August 2013
– Financial Closing Date	22nd February 2017

Current Status:

- Construction activities at site are going at full swing. So far 40% construction work has been completed and efforts are being made to complete the Project by December 2021.

870 MW Suki Kinari Hydropower Project (At River Kunhar, District Mansehra, KP)

The 870 MW Suki Kinari HPP is located on river Kunhar, District Mansehra, Khyber Pakhtunkhwa. The Project is sponsored by the China Gezhouba Group with Pakistani counterparts. The lending has been provided by Export-Import Bank of China and Industrial & Commercial Bank of China. Suki Kinari Hydropower project is ranked as the first amongst the 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 more than 3,081 Million clean, reliable and affordable units of electricity annually to the national grid.



Salient Features:

– 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:	870 MW
– Energy:	3081 GWh

Key Milestones Achieved So far:

– Issuance of Letter of Support	19th July 2011
– Financial Closing Date	31st December 2016

Current Status:

Construction activities at site are going at full throttle. Project is expected to be completed in a period of six years, whereas, so far, 10% construction work has been completed, while efforts are being made to complete the Project by December 2022.

1,124 MW Kohala Hydropower Project (At River Jhelum, Kohala, AJ&K)

The Kohala Hydropower Project located on River Jhelum in AJ&K with weir site in district Jhelum Valley and power house site in district Muzaffarabad is a dual boundary project. The Project is included in the China Pakistan Economic Corridor (CPEC) under the category of Actively Promoted Projects.

PPIB issued Letter of Support to Kohala Hydro Company on 31st December 2015. The Project is being sponsored by investment arms of China Three Gorges Corporation & IFC under the Policy for Power Generation Projects 2002. The lenders on board are China Development Bank and Habib Bank of Pakistan.

During this fiscal year GOP IA, AJ&K IA and WUA were negotiated & initialled while negotiations on tri-partite PPA substantially progressed. Moreover, EPC stage tariff was determined by NEPRA however review motion was filed. Efforts are being made to complete this project by June 2025.



Salient Features:

– Project Company:	Kohala Hydro Company Limited
– Sponsors	China Three Gorges South Asia Investment Limited / China Three Gorges Corp
– Location:	River Jhelum, Dam/Weir near Siran & Power House near Barsala/ Kohala, AJ&K
– Capacity:	1,124 MW
– Energy:	5,149 GWh

Key Milestones Achieved So far:

– Issuance of Letter of Support	31st December 2015
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Current Status:

Environmental NOC issued by AJ&K EPA, while GOP IA, AJ&K IA and WUA have been initialed. EPC stage Tariff determination was announced by NEPRA on 2nd April 2018 while review petition is in process with NEPRA. The EPC contractor has started construction of preliminary works at the Project site while 50% land acquisition has been completed. The change of PPA regime from bi-partite to tri-partite affected the pace of the development progress. One year extension in LOS was granted to facilitate the project due to factors beyond reasonable control of the sponsors.

640 MW Mahl Hydropower Project

(At River Jhelum on the boundaries of AJ&K, Punjab and KP)

Mahl hydropower project is located on River Jhelum at dual boundary between Punjab (district Rawalpindi) and AJ&K (district Bagh) while a portion of KP (district Abbottabad) also constitutes a port of the project. The Project is being sponsored by investment arms of China Three Gorges Corporation under Policy for Power Generation Projects 2002.



Salient Features:

– 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 dual boundary of Punjab and AJ&K while a portion of KP (District Abbottabad) also constitutes a portion of the project.
– Capacity:	640 MW
– Energy:	2676 GWh

Key Milestones Achieved So far:

– Issuance of Letter of Interest	21st October 2014
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Current Status:

Based on the Feasibility Study completed during last fiscal year, the company through CPPA(G) filed tariff petition before NEPRA during this fiscal year and NEPRA conducted a public hearing. Moreover, NTDC reviewed & approved interconnection study and substantial progress was also made towards obtaining NOCs of environment protection agencies. The project is being expedited to be completed by December 2025.

700 MW Azad Pattan Hydropower Project (At River Jhelum on Dual Boundary of AJ&K and Punjab)

This dual boundary Project is located on River Jhelum, District Sudhnoti, AJ&K and District Rawalpindi, Punjab. PPIB on 30th June 2016 issued Letter of Support (LOS) to Azad-Pattan Power Private Limited for achievement of Financial Closing extended up to 30th June 2019. The Project is being sponsored by the investment arms of China Gezhouba Group Company under the Policy for Power Generation Projects 2002. The project is scheduled to be completed by June 2025.



Salient Features:

– Project Company:	Azad-Pattan Power Private Limited
– Sponsors	M/s Power Universal Investment Company Ltd, China Gezhouba Group Company (CGGC Overseas & CGGC Engineering)
– Location:	River Jhelum, on dual boundary of Azad Jammu & Kashmir and Punjab.
– Capacity:	700.7 MW

Key Milestones Achieved So far:

– Issuance of Letter of Interest	27th April 2007
– Issuance of Letter of Support	30th June 2016

Current Status:

During this fiscal year, GoP IA, AJ&K IA and WUA were substantially negotiated and negotiations of tri-partite PPA were initiated. The EPC stage tariff was determined by NEPRA however, review petition was filed by the Sponsors. Land acquisition progressed. The change of PPA regime from bi-partite to tri-partite affected the pace of the development progress. One year extension in LOS was granted to facilitate the project due to the factors beyond reasonable control of the sponsors.

548 MW Kaigah Hydropower Project

(At River Kandiah near Dasu, KP)

548 MW Kaigah Hydropower Project is located in a remote area of Kandiah Valley in Khyber Pakhtunkhwa province. Kaigah Hydropower Project is being implemented by PPIB under the provisions of 2002 Power Generation Policy.

Salient Features:

- Sponsors	<ul style="list-style-type: none"> - i) Assmandal Trading Agency (Main Sponsor) - ii) M/s Telecom Valley (Pvt) Ltd - iii) M/s Central China Group - iv) M/s Associated Technologies Pvt Ltd
- Location:	River Kandiah, Near Dasu, Distt. Kohistan, Khyber Pakhtunkhwa
- Capacity:	548 MW
- Energy:	2112 GWh

Key Milestones Achieved So far:

- Issuance of Letter of Interest	20th February 2008
- Approval of Feasibility Study	18th February 2014

Current Status:

The Sponsors submitted the Feasibility Stage Tariff petition to NEPRA in February 2015, whereas NEPRA dismissed the tariff petition on 10th March 2017 due to certain deficiencies in the tariff petition inter alia approval of revised design by the Panel of Expert (POE)/ PPIB. Meanwhile, Sponsors submitted the revised design to POE/PPIB. In this context, sponsors are in process of submission of feasibility study level tariff to NEPRA based on revised design. After determination of tariff by NEPRA, sponsors will be required to complete the codal formalities leading to issuance of Letter of Support.

350 MW Athmuqam Hydropower Project

(At River Neelum, District Neelum, AJ&K)

The identified site of Athmuqam Hydropower Project is on River Neelum in AJ&K. This project is being processed by PPIB under the provisions of Power Generation Policy 2015. After fulfilling codal formalities, PPIB issued Letter of Interest on 30th March 2017 to the consortium of Korean investors comprising of KHNP, DAELIM & LOTTE for development of the Project. This project is expected to be completed by December 2027.



Salient Features:

– Sponsors	Korea Hydro and Nuclear Company, DAELIM and LOTTE, Korea
– Location:	River Neelum, District Neelum, Azad Jammu & Kashmir
– Capacity:	350 MW

Key Milestones Achieved So far:

– Issuance of Letter of Interest	30th March 2017
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Current Status:

The Panel of Experts met four times for review & monitoring of the feasibility study wherein Project layout alternative was also approved. At the end of current fiscal year overall 87% activities on the feasibility study were completed.

58 MW Turtonas-Uzghor Hydropower Project

(At Golen Gol River, Chitral Valley, KP)

Turtonas-Uzghor Hydropower Project is a Raw Site Run of River scheme identified to be located on Golen Gol River in Chitral Valley, Khyber Pakhtunkhwa. After fulfilling the required formalities, PPIB on 20th March 2017 issued Letter of Interest to a consortium consisting of Sinohydro Corporation, China and Sachal Engineering Works (Pvt.) Limited Pakistan under Power Generation Policy 2015. The project is expected to be completed by December 2026.



Salient Features:

– Sponsors	Sinohydro-Sachal Consortium
– Location:	Golen Gol River, Chitral Valley KP
– Capacity:	58 MW

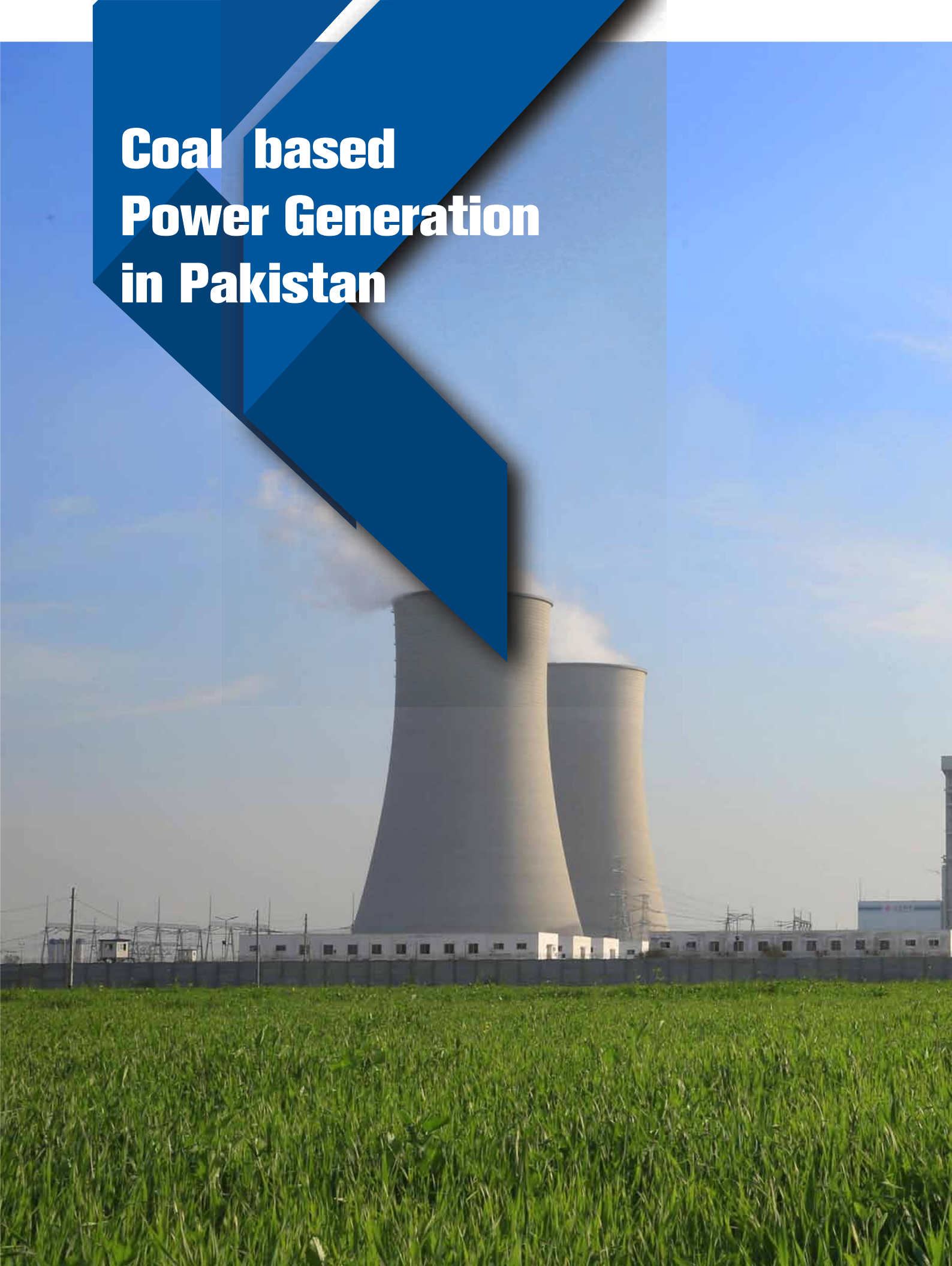
Key Milestones Achieved So far:

– Issuance of Letter of Interest	20th March 2017
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Current Status:

In terms of the LOI, Sponsors are required to complete a bankable Feasibility Study within 24 months from the issuance of LOI which is under process and expected to be completed before time.

Coal based Power Generation in Pakistan





3.3 Coal based Power Generation in Pakistan

Pakistan is ranked at seven largest coal reserves country of the world after the discovery of huge lignite coal resources in Sindh. Thar, estimated at 175.5 billion tons accounts for the bulk of Pakistan's total reserves, estimated at 185 billion tons which are sufficient to generate thousands of megawatts of affordable electricity for decades to come. Other coal deposits



of significance in Sindh are located at Sonda (Jherruk) 5.5 billion tons and Lakhra (Dadu) 1.33 billion tons. Power Generation through Thar Coal is a very attractive investment opportunity. Pakistan in the past did not progress well in the field of power generation through coal despite of having such an amazing reserves.

Imported Coal based Projects being Processed by PPIB

- 1320 MW Sahiwal Power Project.
- 1320 MW Port Qasim Power Project.
- 1320 MW Hubco/ CPHGC Power Project.
- 300 MW Gwadar Power Project
- 163 MW Grange Power Project

Pakistan's power sector is going through an incremental change of scenario through an improved fuel mix by planning and giving due importance to coal based power generation. In this regard, imported coal based projects have been planned, which will not only help Pakistan to meet the immediate shortfall it

faces, but will also set a trend for establishment of other coal based projects. The under construction imported coal based projects, majority of which are expected to start operations by mid of 2018 can be given credit to have paved the way for establishment of power projects based on our untapped Thar and local coal.

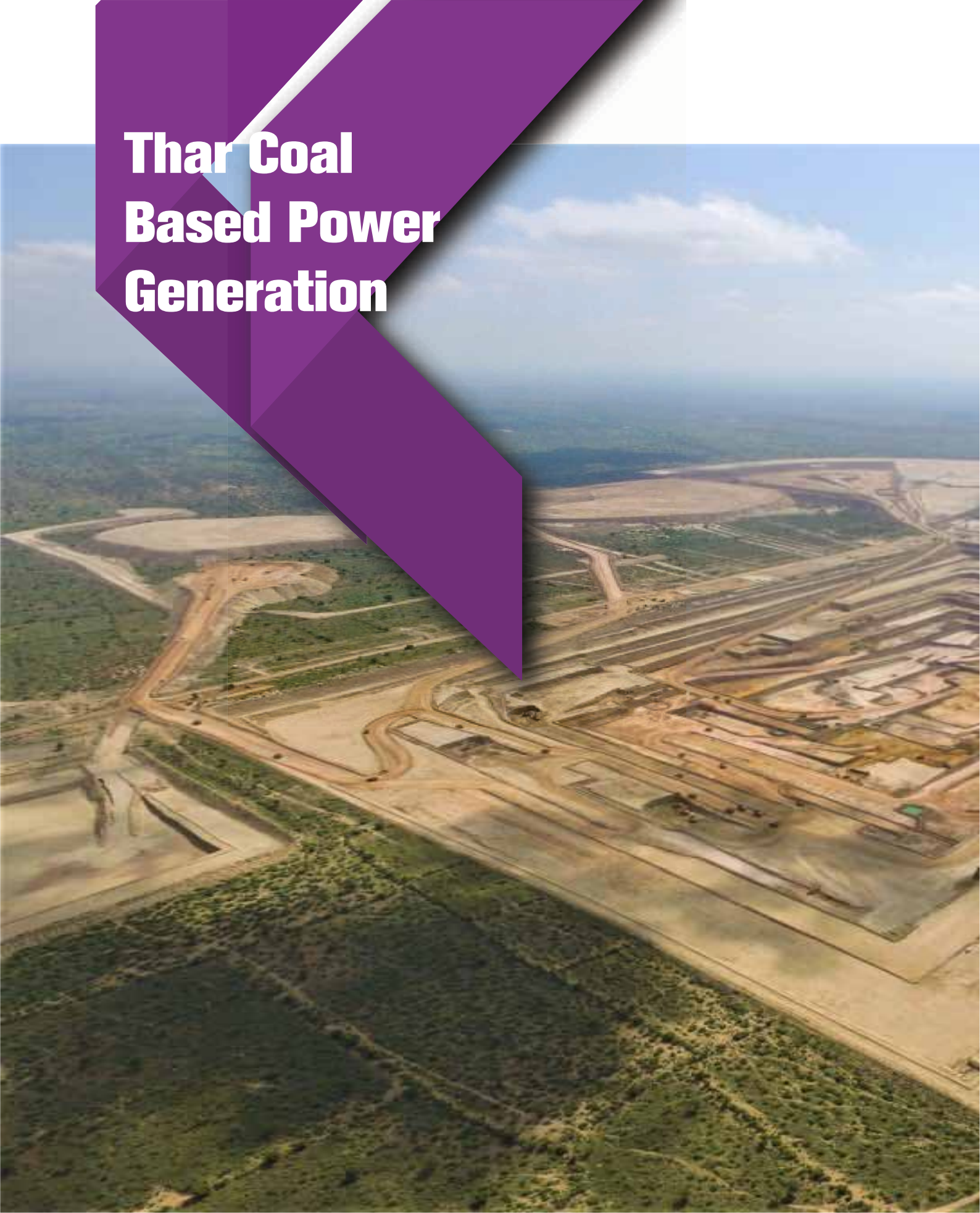
The completion of these large scale coal power plants, which will be base load plants, will not only help in bridging electricity demand supply gap but also set trend for attracting future FDI through secure and transparent policy frameworks of GOP being implemented by PPIB. Emissions like carbon dioxide, SO_x, NO_x, etc are usually associated with combustion of coal, like all other fossil fuels. However, all these projects are being developed in strict compliance with the International environmental/emissions standards of World Bank/IFC, etc.

Thar Coal based Projects being Processed by PPIB

- 660 MW Engro Power Project.
- 1320 MW Shanghai Power Project.
- 330 MW Hubco Thar Power Project
- 330 MW ThalNova Power Project
- 660 MW Lucky Electric Project
- 330 MW Siddiqsons Power Project
- 1320 MW Thar Oracle Power Project

Furthermore, in line with international and local policies and guidelines, the companies involved in coal mining and power generation to tap such largest coal reserves (including 175 Billion tons of Lignite coal at Thar), are also giving due importance on their Corporate Social Responsibility (CSR) activities. These companies are liaising with various NGOs, UN agencies private and government sector entities to mobilize resources and facilitate its CSR activities in Thar region, with special focus on education, health, livelihoods and skill development.

Thar Coal Based Power Generation





(a) Thar coal based Power Generation Projects being Processed by PPIB

After Government of Pakistan's plan to improve the fuel mix by giving due importance to coal based power generation, Pakistan's power sector is gradually going through an incremental change by increasing share of economical and affordable coal power generation. This development is not only giving due boost to development of local coal mines, but is also a prime catalyst in meeting the power shortfall. The current under construction and completed imported coal projects have cleared path for establishment of indigenous coal based power projects. These power projects include both, high efficiency imported coal projects and local coal projects.



The completion of these base load coal power plants will not only help in bridging electricity demand supply gap but will also set a pattern for securing more investment through the transparent policy frameworks of GOP.

Keeping in mind the goal to exploit local coal, efficient power plants were planned on Thar Coal. These power projects being developed in the private sector are at advanced stages, planned to be commissioned from 2019 through 2022; the first of which will begin delivering power later in 2018. List of thar coal based power projects is given as follows while status of each project is discussed separately in forth coming pages:

S.No.	Project Name	Capacity	Status
a)	Engro Powergen	660	Under Construction
b)	MW Lucky Electric Project	660	Under Construction
c)	Shanghai Power Project	1,320	Under Financial Close
d)	ThalNova Project	330	Under Financial Close
e)	Thar Energy Project	330	Under Financial Close
f)	MW Siddiqsons Project	330	Under Financial Close
g)	Thar Block-VI Project	1,320	Under issuance of LOI
	Total (MW) – Thar Coal Projects	4,950	

660 MW Thar Coal based Power Project at Thar Block-II, Sindh

(By Engro Powergen Limited)

This 660 MW IPP is the first Thar coal based power project by Engro Powergen at Thar Block-II, which is at an advanced stage of construction. The project is also paving way for development of other Thar coal based power projects at Block-II. The project will not only be utilizing local coal for producing cheap and affordable electricity but will also reduce dependence on imported fuels. Last year, the project construction continued with full pace and 1st unit of 330 MW is expected to be operational by end of 2018 while COD of the project is planned in June 2019. However due to the dedicated efforts of sponsors and full support of all concerned stakeholders including PPIB the project is likely to achieve COD much earlier. The sponsors of this project are also developing first coal mine at Thar for power generation; which will supply Thar coal to this project as well as other upcoming projects. By the Grace of Allah and unparalleled efforts of the sponsors in coal mining, the first layer of coal has been unearthed in June 2018. The power project is also expected to be connected to the national grid soon through a 282 km long 500 kV Double Circuit transmission line, which is in its final stages of construction.



Salient Features:

– Project Company:	Engro Powergen Thar Limited
– Main Sponsors:	Engro Powergen Limited
– Location:	Thar Block-II Sindh
– Capacity:	660 MW (Gross)
– Technology:	Steam Turbines
– Fuel:	Thar Coal
– Fuel Supplier:	Sindh Engro Coal Mining Company (SECMC)
– Power Purchaser:	CPPA (G) L
– Term of the Project:	30 Years

Key Milestone achieved during 2017-18:

–Unearthing of first coal layer	June 2018
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1320 MW Thar Coal based Power Project at Thar Block-I, Sindh (By Shanghai Electric Group Company)

The project is based on Block-I of the Thar Coalfields. M/s Shanghai Electric Group having rich experience in the field of power generation after forming an SPV namely Thar Coal Block-I Power Generation Co. Ltd. (TCB-1), is developing the 1320 MW power generation project. Sino Sindh Resources Limited (SSRL) is the mine developer and coal supplier for the project. The project is included in the Priority List of CPEC projects and after issuance of LOS by PPIB, the project is progressing towards Financial Closing. Negotiations on Implementation and Power Purchase Agreements are under process. The Project is facing challenges in financing from Chinese side, however, sponsors are trying their best to resolve the financing issues and complete the first unit of 660 MW by March 2021 and full 1320 MW by August 2021. The project will be connected to the national grid through 660 kV Matiari-Lahore HVDC Transmission line.



Mr. Shah Jahan Mirza, MD PPIB and Mr. Meng Donghai, CEO Thar Coal Block-1 Power Generation Company (Pvt) Ltd shaking hands on the eve of issuance of LOS to 1320 MW Thar Coal based (Shanghai) Power Project

Salient Features:

– Project Company:	Thar Coal Block-I Power Generation Co. Ltd.(TCB-1)
– Main Sponsor:	Shanghai Electric Group Company (100%)
– Location:	Thar Block-I Sindh
– Capacity:	1,320 MW (Gross)
– Configuration:	2 x 660
– Technology:	Steam Turbines
– Fuel:	Thar Coal
– Fuel Supplier:	Sino-Sindh Resources
– Power Purchaser:	CPPA (G) L
– Term of the Project:	30 Years

330 MW Thar Coal based Power Project at Thar Block-II, Sindh (By Thal Limited)

ThalNova Power Thar Private Limited Company (consortium of three renowned companies of Pakistan) with technical support of Chinese companies is developing this 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. Sindh Engro Coal Mining Company (SECMC) being the mine developer of Thar Block-II, will supply coal to this project. After issuance of LOS to the project company by PPIB, the project is moving towards Financial Closing which is expected in September 2018, whereas COD is planned in March 2021. The 660 kV Matiari-Lahore HVDC Transmission line will connect this project to the national grid.



Salient Features:

– Project Company:	ThalNova Power Thar (Pvt.) Limited
– Main Sponsor	Thal Limited
– Location:	Thar Block-II Sindh
– Capacity:	330 MW (Gross)
– Technology:	Steam Turbines
– Fuel:	Thar Coal
– Fuel Supplier:	SECMC
– Power Purchaser:	CPPA (G) L
– Term of the PPA:	30 Years

Key Milestones achieved during 2017-18:

– Execution of Implementation Agreement	24th November 2017
– Execution of Power Purchase Agreement	21st July 2017

330 MW Thar Coal based Power Project at Thar Block-II, Sindh (By Thar Energy Limited)

Hub Power Company Limited having its well-known track record for developing various IPPs in Pakistan has now invested in developing this 330 MW Thar coal based power project at Block-II, SECMC being the coal supplier for this project. Construction work has started on site ahead of Financial Closing, while formal Financial Closing is expected to be achieved in September 2018. This important project is included in Priority projects of CPEC to be connected through 600 kV Matiari-Lahore HVDC Transmission line and is expected to achieve COD by March 2021.



Salient Features:

– Project Company:	Thar Energy Limited
– Main Sponsor:	Hub Power Company Limited
– Location:	Thar Block-II Sindh
– Capacity:	330 MW (Gross)
– Configuration:	1 x 330 MW
– Technology:	Steam Turbines
– Fuel:	Thar Coal

Key Milestones achieved during 2017-18:

– Execution of Power Purchase Agreement:	27th July 2017
– Execution of Implementation Agreement:	10th November 2017
– Execution of Supplemental Agreement to IA:	10th November 2017

660 MW Thar Coal based Power Project at Port Qasim, Sindh

(By Lucky Group)

Lucky Group is actively developing the project with support and guidance of PPIB. The Project was earlier issued Letter of Support in June 2015 for the development of 660 MW Imported Coal based power project at Port Qasim. However, in accordance on the direction 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 thar coal through an amendment to the Letter of Support (LOS). The project will utilize Thar coal from Block II. Through rigorous efforts of project sponsors, PPIB, and other stakeholders, FC of the project was achieved on 25 June 2018. After FC, sponsors have mobilized Chinese contractors at site and construction activities have been initiated. The project is expected to be completed by June 2021.



Salient Features:

– Project Company:	Lucky Electric Power Co. Ltd
– Sponsors	Lucky Group
– Location:	Port Qasim, Karachi
– Capacity:	660 MW (Gross)
– Configuration:	1 x 660MW
– Technology:	Steam Turbines
– Fuel:	Imported Coal
– Power Purchaser:	CPPA (G) L
– Term of the Project:	30 Years

Key Milestones achieved during 2017-18:

– Execution of Power Purchase Agreement:	7th March 2018
– Execution of Implementation Agreement:	8th March 2018
– Execution of Direct Implementation Agreement:	22nd June 2018
– Financial Close achieved:	25th June 2018

330 MW Thar Coal based Power Project at Thar Block-II, Sindh (By Siddiqsons Energy Limited)

Initially the project was based on imported coal with a capacity of 350 MW, however after the directives of PPIB Board to decrease the dependency on imported fuels, M/s. Siddiqsons Energy Limited agreed to develop their project on local Thar coal and changed the location of the project from Port Qasim, Karachi to Thar Block-II, Sindh. Company is in the process of achieving FC.

Salient Features:

– Project Company:	Siddiqsons Energy Limited
– Sponsors	Siddiqsons Limited
– Location:	Thar Block-II
– Capacity:	350 MW (Gross)
– Technology:	Steam Turbines
– Fuel:	Imported Coal
– Power Purchaser:	CPPA (G) L
– Term of the Project:	30 Years

Key Milestones achieved during 2017-18:

– Execution of Power Purchase Agreement:	7th March 2018
– Execution of Implementation Agreement:	8th March 2018

1400 MW Thar Coal based Power Project at Thar Block-VI, Sindh

(By Sichuan Provincial Investment Group Company Limited)

This 1400/1320 MW Mine Mouth Coal Fired project is being developed by Oracle Coalfields PLC, a UK based company which will utilize coal from Thar Block-VI. The project is included in Priority Projects under the CPEC, and is being processed under the new Upfront Tariff announced by NEPRA for Thar coal power projects. The Sponsors, while keeping in view the requirements of new Upfront Tariff, through the SPV M/s Thar Electricity (Private) Limited ('TEPL') submitted revised proposal with enhanced capacity (from 1320 MW to 1400 MW in two phases of 700 MW each) along with changed shareholding structure. The same change in capacity and sponsors require approval from the JCC and JEWG of CPEC. As per PPIB Board decision, NTP/LOI will be issued upon fulfilment of pre-requisites including necessary approvals by JCC and JEWG of CPEC for change in shareholding, size, and implementation of project in two phases. The phase-I of the project is scheduled to be commissioned in December 2022.



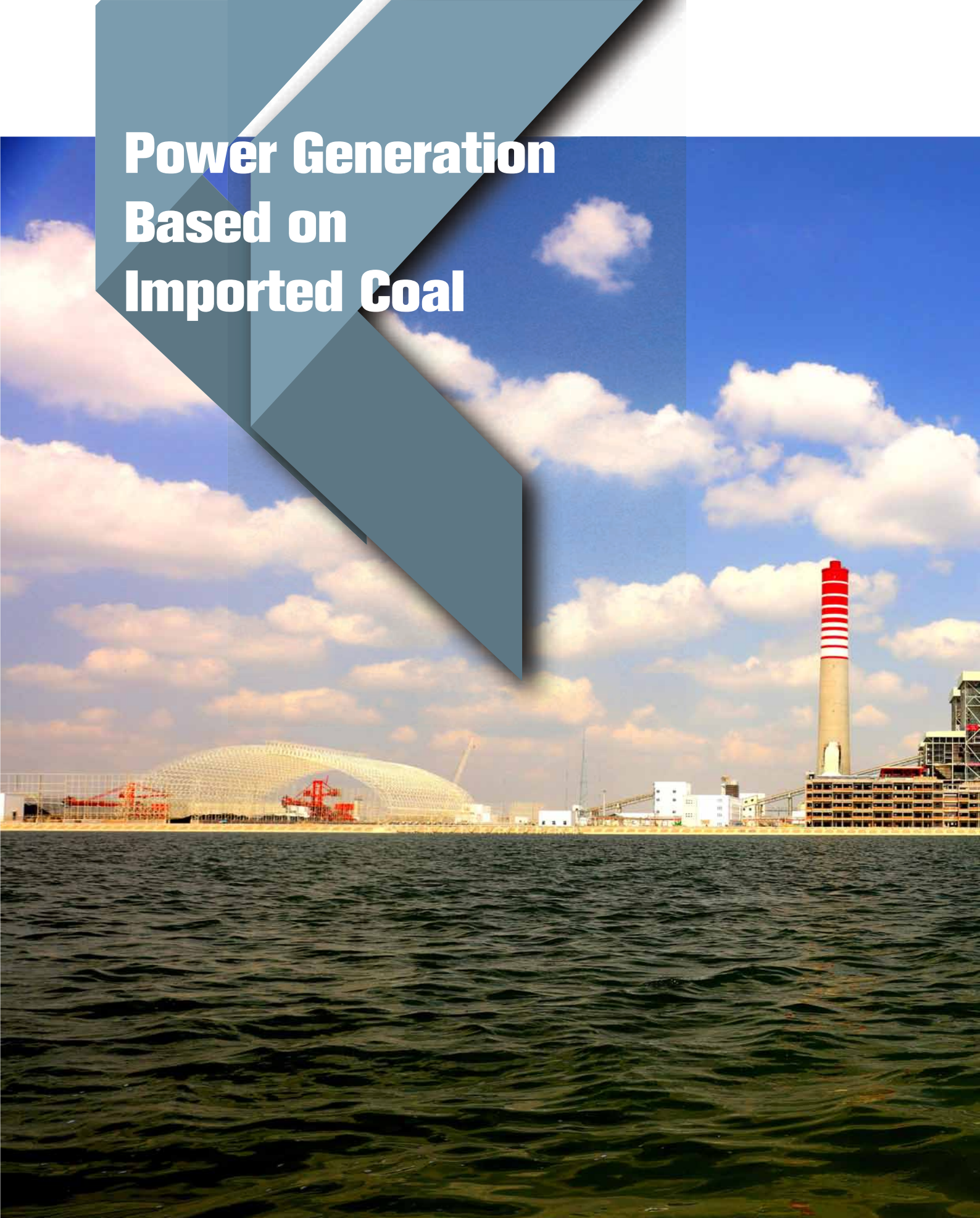
Salient Features:

– Project Company:	Thar Energy (Private) Limited
– Main Sponsor:	Sichuan Provincial Investment Group Co. Ltd
– Location:	Thar Block-VI Sindh
– Capacity:	1400 MW (Gross)
– Configuration:	4 x 350 MW
– Technology:	Super Critical
– Fuel:	Thar Coal

Key Milestone achieved during 2017-18:

– Submission of Revised Proposal:	6th November 2017
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Power Generation Based on Imported Coal





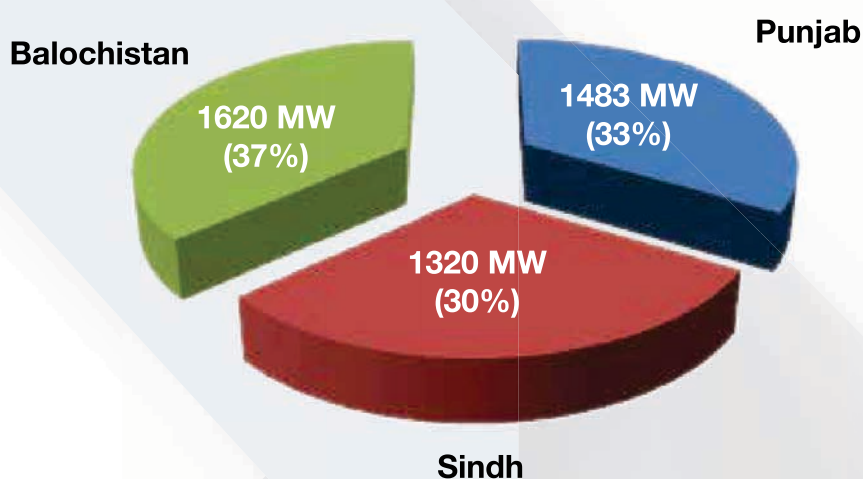
(b) Power Generation based on Imported Coal

In order to provide immediate relief to the national grid and to find a reliable base load solution, imported coal based power generation projects were initiated by the GoP recognizing the fact that it requires shorter gestation periods to start generation as compared to hydro and thar coal based power generation projects which can also be instrumental in developing a reliable base load till the pipeline projects based on indigenous thar coal and hydro are completed.

PPIB is efficiently handling portfolio of five imported coal based projects of 4,423 MW out of which two projects of 1,320 MW (each) capacity have been commissioned this year while another project of 1,320 MW is under construction. Similarly, one project of 163 MW is under Financial Closing and a project of 300 MW is currently under tariff determination stage. List of imported coal based power projects is given as follows while status of each project is discussed separately in forthcoming pages:

S.No.	Project Name	Capacity	Status
a)	Port Qasim Project	1,320	Commissioned
b)	Sahiwal Project	1,320	Commissioned
c)	Hub Project	1,320	Under Construction
d)	Grange Project	163	Under Financial Close
e)	Gwadar Project	300	Under Tariff Determination
	Total (MW) – Imported Coal Projects	4,423	

Province-Wise breakup of Imported Coal Based Projects



1,320 MW Imported Coal based Power Project at Port Qasim, Sindh

(By Sinohydro Resources Limited, China and Almirqab Capital, Qatar)

This landmark project under CPEC's Prioritized Projects category, is the first coal based IPP in Pakistan to achieve Financial Closing. After fast pace construction activities and PPIB's follow ups with various government entities to resolve complex issues, the project achieved its Commercial Operations Date in April 2018, two months ahead of the schedule. Earlier the Honourable Prime Minister of Pakistan graced the inauguration of Unit 1 (660 MW) in November 2017. Now both units of 660 MW each are fully functional and supplying reliable power to the national grid, while maintaining strict compliance with the national and international environmental standards.

For import of coal, the project company has constructed a dedicated self-use jetty. The facility includes coal-unloading jetty, approach-bridge, and associated auxiliary facilities. The facility may also be used for other purposes in the future.



Salient Features:

– Project Company:	Port Qasim Electric Power Company (Private) Limited
– Main Sponsor:	Sinohydro Resources Limited, China (51%)
– Other Sponsor:	Al Mirqab Capital, Qatar (49%)
– Location:	Port Qasim, Karachi
– Capacity:	1,320 MW Gross
– Configuration:	2 x 660 MW
– Technology:	Steam Turbines
– Fuel:	Imported Coal

Key Milestones achieved during 2017-18:

– Inauguration of Unit 1:	29th November 2017
– Commercial Operation Date Achieved:	25th April 2018

1,320 MW Imported Coal based Power Project at Sahiwal, Punjab

(by Shandong Ruyi Science & Technology Group Company Limited, China)

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 Punjab Power Development Board, as per Power Policy 2015. The project has started regular supply of electricity after its inauguration in July 2017. Later in October, the project achieved its Commercial Operations Date, well before the schedule, on fulfilling all the contractual requirements and tests. The project is complying with all international and national environmental standards and is supplying reliable power to the national grid.

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.



Salient Features:

– Project Company:	Huaneng Shandong Ruyi (Pak) Energy (Pvt) Ltd
– Main Sponsor:	Shandong Ruyi Science & Technology Group Company Limited, China
– Other Sponsor:	Huaneng Shandong Power Generation Company Limited, China
– Location:	Qadarabad, Sahiwal
– Capacity:	1,320 MW Gross
– Configuration:	2 x 660 MW
– Technology	Steam Turbines
– Fuel:	Imported Coal

Key Milestones achieved during 2017-18:

– Inauguration of Unit 2:	3rd July 2017
– Commercial Operation Date Achieved:	28th October 2017

1,320 MW Imported Coal based Power Project at Hub, Balochistan

(by Hub Power Company Limited)

This 1320 MW imported coal based power project at Hub Balochistan is also 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 the 1292 MW HUBCO oil fired power plant. Construction of this plant adjacent to their other commissioned project will help in utilizing the existing infrastructure (roads, transmission line etc). Sponsors/Chinese investors faced some difficulties in achievement of Financial Closing; however after all out efforts of PPIB and sponsors' commitment the Financial Closing was achieved in January 2018. Construction activities are in full swing after achievement of FC and the Project is set to achieve partial commissioning in Dec 2018 and Commercial Operations Date in August 2019.

For import of coal, construction of a dedicated self-use jetty is under construction. When completed, this facility shall include coal-unloading Jetty, approach-bridge, and associated auxiliary facilities.



Salient Features:

– Project Company:	China Power Hub Generation Company (Private) Limited
– Main Sponsor:	Hub Power Co. Ltd
– Other Sponsor:	China Power International
– Location:	Hub, Balochistan
– Capacity:	1,320 MW (Gross)
– Configuration:	2 x 660
– Technology:	Steam Turbines
– Fuel:	Imported Coal

Key Milestone achieved during 2017-18:

– Financial Close Achieved:	26th January 2018
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300 MW Imported Coal based Gwadar Power Project at Gwadar (by China Communications Construction Company Limited)

This 300 MW imported coal based power project being a part of prioritized projects in CPEC is located at a strategic location near Gwadar. All competent forums including Joint Cooperation Committee (JCC) of CPEC, the Economic Coordination Committee and PPIB Board, have approved the project and Notice to Proceed & LOI have also been issued by PPIB. The sponsor i.e. China Communication Construction Company (CCCC) is also the developer of Gwadar Port. Sponsors are making dedicated efforts to bring the project on line by Dec 2021.



Salient Features:

– Project Company:	China Communications Construction Company Ltd
– Sponsors	China Communications Construction Company Ltd
– Location:	Gwadar Balochistan
– Capacity:	300 MW (Gross)
– Technology:	Steam Turbines
– Fuel:	Imported Coal

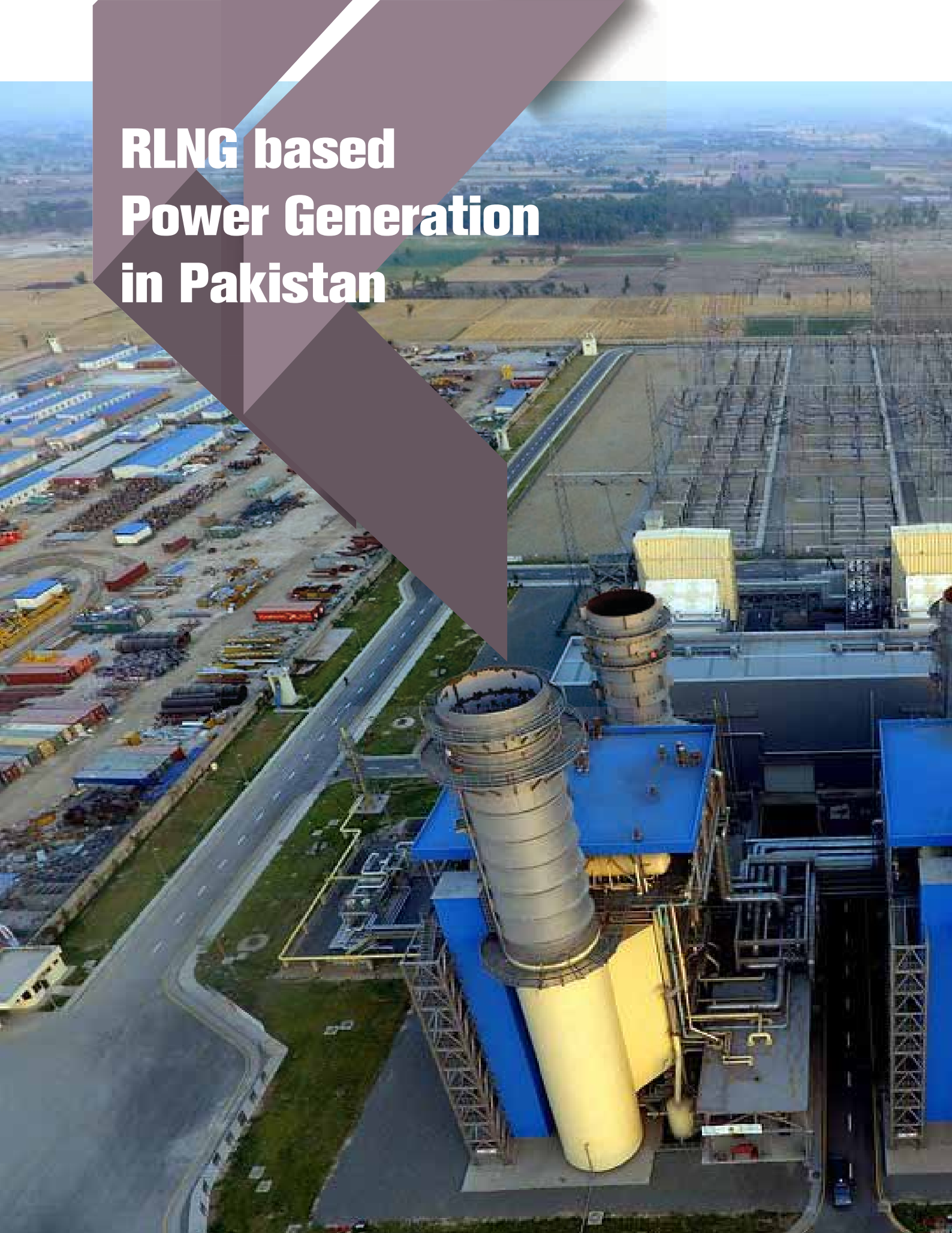
163 MW Imported Coal based Power Project at Arifwala, Punjab (Grange Power Limited)

Grange Power Limited was accorded a Letter of Support to develop an oil based power project at Arifwala. However, after decision of the government to reduce dependence on oil based power projects in 2014, the project is now being developed by the sponsors as a 163 MW coal-based power project at the same location. The project is at advance stages of processing activities and expected to achieve Financial Close by August 2018. This project is facing continuous delays due to various reasons; however sponsors with the support of PPIB are working hard to remove all the hurdles in financing and bring the project on line by mid of 2020

Salient Features:

– Project Company:	Grange Power Limited
– Main Sponsor	Grange Holdings Limited
– Location:	Near Arifwala, District Pakpattan
– Capacity:	163 MW
– Technology:	Steam Turbines
– Fuel:	Imported Coal
– Power Purchaser:	CPPA (G) L
– Term of the Project:	30 Years

RLNG based Power Generation in Pakistan





3.4 RLNG based Power Generation in Pakistan

Natural gas plays a key role in Pakistan's energy balance. It is often praised as a clean energy alternative. It burns more cleanly as compared to other fossil fuels, emitting lower levels of harmful emissions such as carbon monoxide, carbon dioxide and nitrous oxides. It produces less greenhouse gases than other fossil fuels do. With accelerating economic growth and increasing population, the demand for gas is projected to increase sharply while our country's indigenous gas reserves will be insufficient to meet this demand. Gas shortages have already emerged and shall increase substantially in the coming years if indigenous supply is not supplemented through other means. In order to address the shortage, strong emphasis is being laid on importing gas in the form of Regasified



- Reliable, Efficient and Affordable Power Additions
- Completed in record time period
- Most economical plants, saved billions of rupees
- Lowered Tariff Rates
- Environment Friendly through Reduced Emissions

Liquefied Natural Gas ("RLNG"). RLNG is rapidly playing a bigger role in the World's energy mix and like natural gas, RLNG being an environment friendly fuel is very effective in combating global warming challenges.

The Government of Pakistan under "Clean, Affordable and Reliable Energy" (CARE) Program decided to establish RLNG based highly efficient, environment friendly and cost effective combined cycle power plants in different locations of Punjab. In this regard, the Government of Pakistan and Government of Punjab initially decided to develop three plants of more than 3,600 MW in the public sector through independent special purpose vehicle companies. Later, the addition of 1,263 MW in the fleet of RLNG based projects increased the share of RLNG based power generation from 3,600 to 5,000 MW. Keeping in view PPIB's previous track record and long history in dealing with IPPs' business, PPIB was given the responsibility by the GoP to process these projects on fast track basis. Necessary amendments were made in the Act of PPIB which allowed PPIB to process public sector projects in IPP mode. PPIB diligently processed these projects under the Power Generation Policy 2015 and proved its skills in handling public sector projects as well by completing three out of four projects during 2017-18. Prior to this, PPIB had only processed private sector projects. List of RLNG based power generation projects is given as follows:

S.No.	Project Name	Capacity	Status
1)	Bhikki Power Project	1,180	Commissioned
2)	Haveli Bahadur Shah Power Project	1,230	Commissioned
3)	Balloki Power Project	1,223	Construction Completed. Project is under Testing and Commissioning
4)	Punjab Thermal Power Limited Project	1,263	Under Financial Closing
	Total (MW) – RLNG based Projects	4,896	

First three projects have been developed with General Electric (GE)'s air-cooled, multi-shaft, H-Frame, Gas Turbine based Combined Cycle Power Plant (CCGT) technology which ensures highest efficiency in the industry (greater than 61%) and reduces fuel costs and CO₂ emissions over the life of the power plant. The fourth R-LNG based IPP, i.e. 1263 MW Combined Cycle Power Project near Trimmu Barrage, district Jhang, Punjab is being developed by Punjab Thermal Power (Pvt.) Limited (PTPL) using Siemens' air-cooled, H-Class gas turbines with net efficiency of 61.16% at reference site conditions (RSC).

First phase of 1263 MW Combined Cycle Power Project near Trimmu Barrage, district Jhang would be completed by December 2018 and generate 800 MW electricity while after the completion of the second phase in by November 2019, the power production of the Project would reach a total of 1,263 MW.

Status of each project is discussed separately in the forthcoming pages:

1180 MW RLNG Based Bhikki Power Project

(By Quaid-e-Azam Thermal Power (Pvt) Limited)

The Bhikki Power Plant located at Bhikki, District Sheikhupura was commissioned on 20th May 2018. Bhikki Power Plant is wholly financed by the Punjab government and in order to look after its affairs, an independent special purpose vehicle company namely Quaid-e-Azam Thermal Power (Pvt) Limited has been incorporated by the Government of Punjab. The power plant is envisaged to be one of the largest utility scale thermal power plants in the country with lower operating cost and reduced emissions.



Salient Features:

– Project Company/ Sponsors	M/s. Quaid-e-Azam Thermal Power (Pvt.) Ltd., (owned by Government of Punjab)
– Location:	Bhikki, District Sheikhupura, Punjab
– Capacity:	1180.13 MW
– Primary Fuel	R-LNG
– Back-up / Alternate Fuel	HSD
– Plant Efficiency	61.59 % (RLNG) & 54.90 % (HSD)

Key Milestones Achieved:

– Issuance of Letter of Interest	13.07.2015
– Issuance of Letter of Support	09.05.2016
– Financial Close Achieved	22.08.2016

Current Status:

Installation & commissioning works on heat recovery steam generator, steam turbine and associated facilities were completed in December 2017. QATPL performed various tests in combined cycle mode under Power Purchase Agreement (PPA) during April & May 2018. These tests include Minimum Load Capability Test, Reactive Capability Test, Reliability Run Test (RRT), Initial Capacity Tests, Heat Rate Test, etc. Finally, QATPL achieved commercial operations in combined cycle mode on 20th May 2018.

1,223 MW RLNG Based Balloki Power Project

(By National Power Parks Management Company (Pvt) Limited)

1,223 MW RLNG based Balloki Power Plant is being developed in Balloki, District Kasur. This project is owned by the Government of Pakistan while an independent special purpose vehicle company namely National Power Parks Management Company (Pvt) Limited (NPPMCL) has been incorporated by the Government of Pakistan to look after its affairs.



Salient Features:

– Project Company/ Sponsors	National Power Parks Management Company (Pvt.), Ltd, (owned by the Government of Pakistan)
– Location:	Balloki, District Kasur, Punjab
– Capacity:	1223.1 MW
– Primary Fuel	R-LNG
– Back-up / Alternate Fuel	HSD
– Plant Efficiency	61.63 % (RLNG) & 53.64 % (HSD)

Key Milestones Achieved:

– Issuance of Letter of Interest	12.04.2016
– Issuance of Letter of Support	22.09.2016
– Financial Close Achieved	28.11.2016

Current Status:

Overall 99% work completed at project site. Both Gas Turbines were commissioned and started operations in simple cycle mode on 13th & 30th August 2017. Installation & commissioning works on Steam Turbine are also completed. RRT, Performance Tests, etc. have been completed while other tests under the PPA are in progress. The Project is expected to achieve commercial operations by July 2018.

1,230 MW RLNG Based Haveli Bahadur Shah Power Project (By National Power Parks Management Company (Pvt) Limited)

1,230 MW RLNG based Haveli Bahadur Shah Power Plant located in Haveli Bahadur Shah, District Jhang was commissioned on 9th May 2018. This project is funded and owned by the Government of Pakistan while an independent special purpose vehicle company namely National Power Parks Management Company (Pvt) Limited has been incorporated by the Government of Pakistan to look after its affairs.



Salient Features:

– Project Company/ Sponsors	National Power Parks Management Company (Pvt.), Ltd, (owned by the Government of Pakistan)
– Location:	Haveli Bahadur Shah, District Jhang, Punjab
– Capacity:	1230.54 MW
– Primary Fuel	R-LNG
– Back-up / Alternate Fuel	HSD
– Plant Efficiency	62.445 % (RLNG) & 54.054 % (HSD)

Key Milestones Achieved:

– Issuance of Letter of Interest	12.04.2016
– Issuance of Letter of Support	22.09.2016
– Financial Close Achieved	28.11.2016

Current Status:

Both Gas Turbines were commissioned and started operations in simple cycle mode on 18th July 2017. Various tests under the PPA including RRT, Heat Rate and Performance Tests, etc. were performed and the IPP achieved commercial operations in combined cycle mode on 9th May 2018.

1,263 MW RLNG Based Punjab Thermal Power Project

(By Punjab Thermal Power (Pvt) Limited)

1,263 MW RLNG based Plant is located near Trimmu, District Jhang, Punjab. This project is funded and owned by the Government of Punjab while an independent special purpose vehicle company namely Punjab Thermal Power (Pvt) Limited has been incorporated by the Government of Punjab to look after its affairs.



Salient Features:

– Project Company/ Sponsors	M/s. Punjab Thermal Power (Pvt) Limited (PTPL) (owned by Government of Punjab)
– Location:	near Trimmu, District Jhang, Punjab
– Capacity:	1263.2 MW
– Primary Fuel	R-LNG
– Back-up / Alternate Fuel	HSD
– Plant Efficiency	61.16 %

Key Milestones Achieved:

– Issuance of Letter of Interest	26.07.2017
– Issuance of Letter of Support	26.01.2018

Current Status:

- PTPL engaged China Machinery Engineering Corporation (CMEC) as EPC Contractor along with Siemens as OEM partner. The ground breaking ceremony was held on 9th December 2017 which was presided by the Prime Minister of Pakistan.
- The tariff for the Project has been determined by NEPRA on 26th December 2017. Upon receipt of required PG and Fees, PPIB issued LOS to PTPL on 26th January 2018 for development of a 1263 MW Combined Cycle Power Plant.
- PTPL filed motion for leave for review (Review Motion) with NEPRA on 5th January 2018 and NEPRA announced decision on review tariff petition on 7th June 2018. On account of certain outstanding issues, PTPL has requested PPIB for six months extension in Financial Close deadline. The Project will be implemented in two phases; first phase (800 MW in Open Cycle) is expected to be completed by December 2018 while complete project is expected to come online by November 2019.

Development of Transmission Line Network





3.5 Development of Transmission Line Network

Power transmission network is the most important link in the country's energy system without which power generation utilities cannot transport their product to the required destinations. There is no doubt that the weak, obsolete and unreliable transmission & distribution system plagued with constraints and bottlenecks has been a major challenge, for successfully inducting new generation. The Transmission



System was not upgraded and modernized for decades causing increased forced outages in the system multiple times. It is a fact that beside strengthening and upgrading the existing transmission and distribution system for stability, efficiency and reliability of power supply, the augmentation and expansion of integrated system transmission lines and substations and associated equipment to despatch additional planned power to the major distribution centres across the country is of critical importance. Furthermore, power generation and transmission needs to be coordinated effectively to ensure optimum usage and development of the transmission system, which unfortunately was not done before.

The GoP is actively working on upgrading the existing transmission network to make it reliable and efficient while at the same time private sector is being encouraged to contribute in network expansion. In addition to processing power generation projects in private and public sector, PPIB has been mandated to process and implement transmission line projects in private sector under the "Policy Framework For Private Sector Transmission Line Projects 2015" which envisages private sector investment in the field of both AC and DC Extra High Voltage (EHV) Power Transmission Lines, Substations and Converter Stations. In this regard, PPIB has undertaken work on 880 kilometer long 660kV Matiari-Lahore High-Voltage Direct-Current (HVDC) transmission line for dispersal of about 4,000MW power from south to north load centres of Lahore and Faisalabad. Chinese companies China Electric Power Equipment & Tech. Co. Ltd (CET)/ State Grid Corporation of China (SGCC) are constructing the project on build, own, operate and transfer (BOOT) basis, as one of the China-Pakistan Economic Corridor (CPEC) early harvest projects. The project is proceeding satisfactorily and expected to be completed by March 2021. Brief on the project is at next page.

MATIARI-LAHORE HVDC TRANSMISSION LINE PROJECT

(By Pak Matiari-Lahore Transmission Company (Pvt.) Ltd)

The Matiari-Lahore Transmission Line Project has approx. 880 km length, having power transmission capability of 4000 MW at ± 660 kV. The Project is designed to have bi-pole HVDC technology, having two converter stations, one each at Matiari and Lahore ends, three repeater stations and two grounding electrode stations. This is the maiden Transmission Line Project under CPEC Agreement which is not only the first ever HVDC transmission line project in Pakistan but also the first ever private sector transmission line project being processed under Transmission Line Policy 2015. The Project has been envisaged to evacuate power from upcoming coal fired power projects being developed at Thar and near Karachi as well as 1100 MW K-2 project at Karachi. In order to optimize maximum benefits, it is prudent to align commissioning of the Project with the completion of aforesaid power plants to avoid capacity payments to the Project without transmission of power at full capacity of the HVDC line.



Salient Features:

Project Name	Matiari-Lahore HVDC Transmission Project
Project Company	Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC)
Sponsors	China Electric Power Equipment & Technology Co. Ltd. (CET)
Location	from Matiari to Lahore
Power Transfer Capability	4,000 MW
Voltage Rating of T/L	± 660 kV
Purchaser	NTDCL
Model	Build-Own-Operate-Transfer (BOOT)
Term of Project	25 Years

Key Milestones Achieved:

Cooperation Agreement b/w NTDCL & SGCC	20th April 2015
Submission of Proposal to PPIB	9th March 2017
Issuance of Notice to Proceed by PPIB	14th March 2017
Issuance of Letter of Intent (LOI) by PPIB	27th March 2017
Tariff Approval by NEPRA	4th May 2017
Issuance of Letter of Support (LOS) by PPIB	4th August 2017
Special Purpose Transmission Licence by NEPRA	18th February 2018
IA/TSA	14th May 2018

Current Status:

The Project is at advance stages of achieving Financial Close, and as a result of all out efforts being put in by PPIB and Project Sponsors, this milestone is likely to be achieved during early months of 2019 while project is scheduled to start Commercial Operations by 1st March 2021

Corporate Excellence





4.1 We value our Human Capital

Human Resource (HR) is playing its strategic role in PPIB to maximize employees' performance and team building spirit. It played significant role in achieving the strategic objectives of PPIB through its human capital.

– Human Capital Development:

PPIB took a historical leap in its performance in terms of bringing thousands of megawatts and billions of Foreign Direct Investment (FDI) in the power sector of Pakistan in the last few years. PPIB achieved a landmark as about 5000 MW had been added in the national grid during the year 2017-18. PPIB is front runner organization to drive CPEC energy projects. All those achievements were possible only due to the untiring efforts of energetic and efficient human capital of PPIB.



Human Capital is an asset of any organization and PPIB has always focused on the development of its human capital. During this financial year professionals were sent abroad on different technical trainings for their capacity building. Effective guidance from the seniors having invaluable experience of working at PPIB and possessing institutional memories is formally and informally imparted to their team members to promote knowledge sharing and for enhancing their effectiveness. At PPIB, development of the human capital is planned strategically in order to enhance employees' self-development and self-management which contributes in the fulfilment of the strategic objectives of the organization.



PPIB arranged a training workshop in June 2018 at Marriott Hotel, Islamabad titled “7 Habits of Highly Effective People”. IMS Knowledge, Sub-Licensee of Franklin Covey Training & Consulting LLP had been engaged for the same. This workshop helped PPIB officers in becoming more measurable and effective in their work habits, personal relationships, and in the things that matter most to them.

During the financial year 2017-18, number of foreign delegations visited Pakistan for exploring investment opportunities in the power sector of Pakistan. The following two major delegations were of prime importance, which were successfully managed.

- i. Visit of Administrator National Energy Administration, China to Pakistan from July 2 – 4, 2017 for meetings with GoP officials to review progress of ongoing energy projects under CPEC.
- ii. 3rd meeting of Energy Planning Expert Panel of CPEC held on April 3-5, 2018 at Margala Hotel, Islamabad.

– **Beatification of HAJJ under PPIB HAJJ Scheme for Staff Grade Employees**

As approved by the Board in its 110th meeting held on 7th June 2017 that in future an employee from staff grades SG-I to SG-IV will be nominated each year against the reserved seats as per the Hajj Policy and all expenses in this regard will be borne by PPIB from its own budget, the balloting was held at PPIB for the second consecutive year. The balloting was witnessed by the management of PPIB while all employees from staff grades SG-I to SG-IV were present there.

As a result of balloting, Mr. Khalid Gul, Office Boy in SG-II was appeared as a lucky person to perform HAJJ for the year 2018 against the reserved seats as per the HAJJ Policy. In this regard, PPIB beared all expenses of Mr. Gul from its own budget.

4.2 State of the Art Information and Communication Technology Support

Year 2017-18 was a result oriented year with respect to implementation of power generation projects. An accurate and quick decision making was involved which was not possible without a sustainable ICT infrastructure and continuous efforts of IT. The core machines were kept alive 24x7 to provide continuous feeding of information at desktops and smart gadgets of PPIB's management and all other officials. This is supported by the connections of all employees to the main servers via a secure VPN.



PPIB has developed a versatile system for Project Management and availability of scanned record. DSS alerts via email regarding Performance Guarantee expiry, critical milestones, court hearings etc are generated for the management to make well informed decisions.

PPIB has a comprehensive and user friendly web site using latest technology tools which provides information on the PPIB's efforts related to the development of private sector power projects for all the stakeholders, academia and the general public at large.

4.3 Media and PR Activities

During the fiscal year 2017-18, a number of events/ meetings were held at PPIB and most of them were highlighted in the media both print and electronic. News Releases alongwith photo coverage of various important meetings and events were issued for information of the power sector stakeholders as well as for general public. The News Releases of meetings presided by the Chairman/ Minister for Power also uploaded on the websites of Ministry of Energy



(Power Division) and Press Information Department, Islamabad. Urdu versions are always provided for ease of the general public.

As we know the PPIB has facilitated commissioning of 37 independent power projects of approximately 15,500 MW (which are around 50 % of the country's present installed generation capacity) and attracted around US \$ 17 billion of investment. These achievements were very well projected in the media for information of the masses.

It is worth mentioning here that due to effective media management, PPIB achieved desired results in the media and remained successful in developing soft image of the organization as One Window facilitator among the investors and all the stake holders.

Future Plans





5.1 Future Plans

PPIB sets out ambitious plan for the coming years to meet future energy requirements of the country. Currently PPIB is handling a diversified portfolio of thirty Hydro, Coal, RLNG based power generation projects of more than 20,000 MW while twelve CPEC based projects of 11,000 MW and a much needed transmission line project are also part of it. The eventual goal of PPIB has always been to complete the projects on its portfolio well in time to increase the power generation capacity of the country.

International Energy Agency (IEA) has predicted that total electricity demand of Pakistan would be more than 49,000 MW in 2025. Although, the gradual induction of power generation projects into the national grid is improving the situation, however, focus of the GoP is not just on one-



time end to load-shedding, the GoP is aiming at laying the foundations of a robust energy sector that will meet the country's needs for the next few decades and so on. Difference between power generation and capacity for transmission is also another challenge which is being tackled through upgrading and expanding the country's transmission lines.

Due to the concerted efforts put in by PPIB, five projects of 5,197 MW have been completed during 2017-18 which are contributing chiefly in meeting our electricity requirements while there are few more projects which are in the queue and will further supplement the national grid upon completion. PPIB believes that the increased generation and removal of system constraints will bring sustainability in the entire power sector. Futuristic investments will still require to be made into all spheres of power sector, from generation to distribution.

Pakistan's future lies in the utilization of indigenous resources for which serious efforts are being put in. The use of indigenous coal to meet Pakistan's energy needs is logical given that the country's southern region has some of the world's largest untapped coal reserves. Making use of these reserves will provide a solution to the country's energy deficit for several decades while creating new jobs and stimulating economic activity in this process. Similarly, hydro potential is largely available in the northern areas of country and its utilization in power generation holds multiple advantages.

In future, PPIB will also process small hydropower projects being initiated by the provinces/AJ&K and Gilgit-Baltistan under Tripartite Letter of Support plan. Under the said arrangement, respective government shall award the projects by issuing LOI in accordance with the applicable policy and after successful completion of requisite milestones; it shall recommend such projects to PPIB for further processing under the applicable GoP Policy (Presently "Power Generation Policy 2015"). A Tripartite LOS will be issued to the projects' sponsors/companies and PPIB will facilitate through signing of Implementation Agreement and issuing GoP Guarantee under the provisions of Power Generation Policy 2015. In this regard, Facility Agreements have already been signed with the governments of AJ&K, Punjab and Khyber Pakhtunkhwa. This initiative will enhance the confidence of investors in investing in Private Power Projects and help in harnessing the large potential of hydropower projects in the country.

In addition, PPIB is planning to advertise 3-4 hydro based power generation projects in near future for which necessary paper work is under process. As per policy, advertisement in this regard would be given in leading national and international newspapers while same would also be disseminated to Pakistani Missions abroad through diplomatic means as well as through email. Similarly foreign missions in Pakistan would be informed through courier and email as well. For getting maximum response, advertisement would also be placed on PPRA and PPIB websites.

PPIB is highly committed to play its role diligently for turning the entire power setup into a modern, efficient and resilient system in line with the aim to enhance energy security of the country. PPIB intends to further broaden its portfolio of IPPs and Transmission Line Projects in future under "Power Generation Policy 2015" and "Policy Framework for Private Sector Transmission Line Projects, 2015". Salient features of both are given at **Appendix-I** and **Appendix-II** respectively. In addition, PPIB is equally determined in facilitating fleet of ongoing projects for timely implementation. Current portfolio of projects being implemented by PPIB is given at **Appendix-III** while portfolio of IPPs commissioned through PPIB is given at **Appendix-IV**. Location-wise map of ongoing and commissioned IPPs is given at **Appendix-V**.

Pictorial Coverage





Board Meetings

117th Meeting held on 25th May 2018



Federal Minister for Power, Sadar Awais Ahmed Khan Leghari Presiding over the 117th Board meeting of Private Power and Infrastructure Board (PPIB) to review the progress of ongoing power projects in Islamabad on May 25, 2018.

116th Meeting held on 9th May 2018



Federal Minister for Power, Sadar Awais Ahmed Khan Leghari Presiding over the 116th Meeting of Private Power and Infrastructure Board (PPIB) to review the progress of ongoing power projects of Indigenous Resources in Islamabad on May 9, 2018.

115th Meeting held on 14th March 2018



Federal Minister for Power, Sadar Awais Ahmed Khan Leghari Presiding over the 115th Meeting of Private Power and Infrastructure Board (PPIB) to review the progress of ongoing power projects in Islamabad on March 14, 2018.

114th Meeting held on 17th January 2018



Federal Minister for Power, Sadar Awais Ahmed Khan Leghari Presiding over the 114th Meeting of Private Power and Infrastructure Board (PPIB) on January 17, 2018.

113th Meeting held on 11th January 2018



Federal Minister for Power, Sardar Awais Ahmed Khan Leghari presiding over the 113th Board Meeting of Private Power and Infrastructure Board (PPIB) to review the progress of ongoing power projects in Islamabad on January 11, 2018. Minister of State for Power, Ch. Abid Sher Ali Also Attended the Meeting.

112th Meeting held on 31st October 2017



Federal Minister for Power, Sardar Awais Ahmed Khan Leghari presiding over the 112th Board Meeting of Private Power and Infrastructure Board (PPIB) on 31st October 2017.

111th Meeting held on 25th October 2017



Federal Minister for Power, Sardar Awais Ahmed Khan Leghari Presiding over the 111th Meeting of Private Power and Infrastructure Board (PPIB) to review the progress of ongoing power projects in Islamabad on October 25, 2017.

Projects Processing / Other Major Events Through Camera Eye

**Caretaker Minister for Power Division Visit to PPIB on 20th June 2018
(Chairing a Progress Review Meeting)**



Mr. Shah Jahan Mirza, MD PPIB Signing Implementation Agreement with State Grid Corporation of China for 660 kV HVDC Line Project on 4th May 2018



**Mr. Shah Jahan Mirza Addressing the CPEC Summit 2018
Organized by Daily Dawn on 23-24 April 2018**



**2 x 660 MW China Power Hub Generation Power Project
Achieves Financial Close on 26th January 2018**



**Inauguration of 147 MW Patrind Hydropower Project on 15th December 2017
Prime Minister Addressing to the Participants**



**Signing of Implementation Agreement for 330 MW ThalNova Power Project on
24th November 2017**



IA and Supplemental IA Signed for 330MW Thar Coal based Thar Energy Limited Project on 10th November 2017



Supplemental IA Signed between PPIB and China Power Hub Generation Company on 9th November 2017



PPIB Signs Facilitation Agreement with GoAJ&K under Tripartite LOS Regime on 8th September 2017



Signing of Amendment to IA & GoP Guarantee for Davis Energen (Pvt) Ltd on 31st August 2017




First Panel of Expert Meeting of 350 MW Athmuqam Hydropower Project held on 25th August 2017



First Panel of Expert Meeting of 58 MW Turtonas-Uzghor Hydropower Project held on 10th August 2017





Audited Statement of Income and Expenditure, Balance Sheet of PPIB for the year 2017-18



7.1 Audited Statement of Income and Expenditure, Balance Sheet of PPIB for the Year 2017-18

Since its inception PPIB follows a standard practice to have annual accounts audited by renowned accountant firms. The accountancy firm of 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.

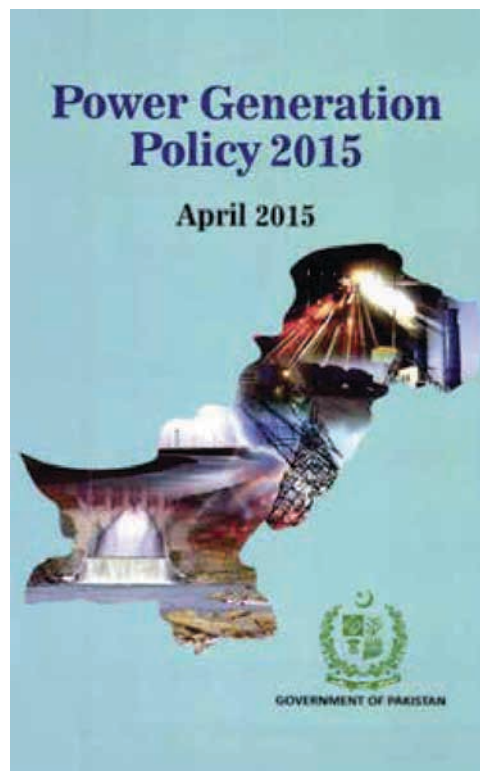
The accounts for the period 2017-18 have been audited by Riaz Ahmed and Company, Chartered Accountants, which are placed at **Appendix-VI**. The auditors have issued an un-qualified report.



Appendices

Salient features of Power Generation Policy 2015

- PPIB/relevant Provincial, AJK, GB Entities to provide One Window Facility for implementation of Projects
- Exemption from Corporate Income Tax, Turnover Tax, Withholding Tax and Sales Tax
- Only 5% concessionary import duty on plant & equipment not manufactured locally
- GOP Guarantees obligations of power purchaser & provinces
- GOP Protection against Change in Law and Change in Duties & Taxes
- Hydro Power Projects - Concerned Province will get WUC @ Rs. 0.425/kWh
- Hydrological Risk - To be borne by Power Purchaser
- Attractive ROE/IRR determined by the Regulator i.e. NEPRA
- To mitigate high underground geological risk, long construction period and environmental sensitivities following tariff re-openers are provided by NEPRA
 - Cost Escalation in Civil and Cost Variation for E&M works
 - Resettlement Cost
 - Cost variation due to Geological Conditions limited to Tunnel Area
- Tariff indexation - for inflation (US CPI & Pak WPI)
 - for foreign costs US \$/Rupee Exchange rate
- Government ensures conversion of Pak Rupee & remittance of foreign exchange for project-related payments



The procedure for processing a new hydropower project under Power Generation Policy 2015 is outlined as follows:

- International Competitive Bidding (ICB) – Bankable Feasibility Study and Detailed Engineering Design Available
- Proposals will be sought through advertisement - Feasibility Study available but Detailed Engineering Design is not Available
- Raw Site Projects - Proposals will be solicited through advertisement and Project will be awarded to highest ranked applicant
- Small Hydropower Projects may be processed under Upfront Tariff announced by NEPRA

The procedure for processing a new thermal Power project under Power Generation Policy 2015 is outlined as follows:

- a) Solicited Projects** - International Competitive Bidding (ICB) through following methods
- ICB based on lowest evaluated levelized tariff or solicitation of discount on the upfront or benchmark tariff determined by NEPRA.
 - Proposals submitted by the Sponsors in response to invitation of Expression of Interest where NEPRA has announced Upfront Tariff;

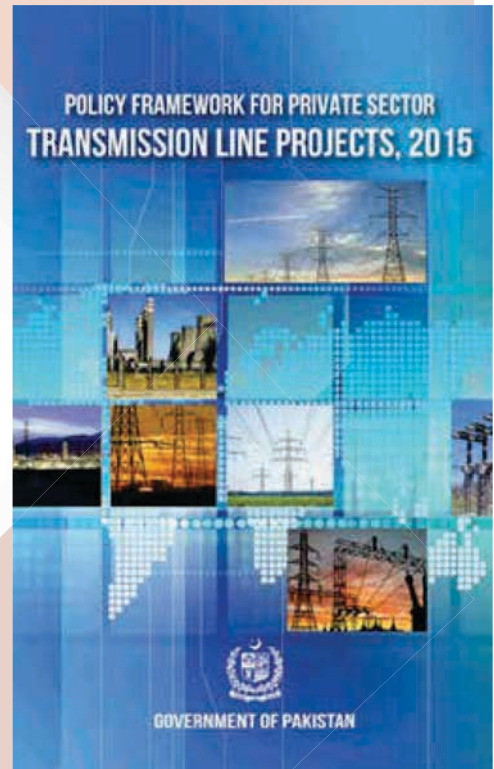
b) Projects Awarded/Recommended by Provincial/AJK/GB Government**c) Alternate Modes**

In alternative, projects may be processed and awarded where GOP's international commitments or fast track implementation or projects or nature of the projects requiring specific fuel, site or financing is involved:

- Projects approved/recommended to PPIB by concerned provinces/ AJK/GB, PPIB may process the project further under this Policy.
- Dedicated Gas Field Projects: All E&P Companies who have made gas discoveries of lower heating value shall have the right of first refusal to set up their own IPPs as per GOP approval;
- Proposal submitted by Sponsors pursuant to Upfront Tariff announced by NEPRA
- Projects through PPP Mode where private partner selected by a public sector entity.
- Designated projects that are covered under bilateral agreements between GOP and foreign governments;
- Projects to be set up through, tied financing or, use of any indigenous fuel resource and where tariff is determined by NEPRA or Provincial Regulator and Federal / Provincial Power Purchasing Entity as the case may be;
- Expansion of existing IPPs subject to consent of Power Purchaser and tariff by NEPRA; or
- Mega Power Parks under specific schemes sanctioned by the GOP

Salient features of Policy for Private Sector Transmission Line Projects 2015 (Transmission Line Policy 2015)

- Implementing Agency - Transmission projects to be offered to Private Sector by PPIB
- Award of Projects through ICB and Upfront Tariff
- Transmission Line & Grid Station projects of 220 kV voltage level and above (HVAC & HVDC)
- Land & Right of way to be provided by NTDC
- Project Term: 25 years on BOOT basis
- NTDC to pay a fixed Transmission Service Charge, regardless of the quantum of energy transmitted
- Exemption from Corporate Income Tax including turnover rate tax and withholding tax on imports
- Standardized Security Package (IA & TSA)
- GOP will provide guarantee for payment obligations of the (NTDCL)
- The Government protection against (i) specific force majeure risk and (ii) changes in certain taxes and duties
- Import of plant and equipment upon payment of reduced Customs Duty of 5%
- All tariff payments will be in Pak Rupees (PKR)
- Tariff indexation - for inflation (US CPI & Pak WPI)
 - for foreign costs US \$/Rupee Exchange rate



Appendix-III

Current Portfolio of Upcoming IPPs

Sr. #	Project	Sponsor/Company Name	Location	Fuel	Capacity (MW)	Expected COD/Remarks
Commissioned Projects During 2017-18						
1	Patrind Hydropower Project	Star Hydropower Limited	Kunhar River, KP/AJ&K	Hydel	147	Commissioned
2	1320 MW Imported coal based Power Project at Qadarabad Dist Sahiwal	Huaneng Shandong Ruyi (Pakistan) Energy (Pvt) Limited	Qadarabad, District Sahiwal	Coal	1320	Commissioned
3	1320 MW Imported coal based Power Project	Sinohydro Resources Limited, China / Al Mirqab Capital, Qatar	Port Qasim, Karachi	Coal	1320	Commissioned
4	RLNG based Project at Bhikki	QATPL	Bhikki, Punjab	RLNG	1180	Commissioned
5	RLNG based Project at Haveli Bahadur Shah, Punjab	NPPMCL	Haveli Bahadur Shah, Punjab	RLNG	1,230	Commissioned
Sub Total (Projects Commissioned During 2017-18)					5,197	
6	RLNG based Project at	NPPMCL Balloki, Punjab	Balloki, Punjab	RLNG	1,223	Under Testing & Commissioning
Sub Total (Under Testing and Commissioning)					1,223	
2018						
7(i)*	1320 MW Imported coal based Power Project	CPHGCL	HUB, Balochistan	Coal	First Unit 660	Dec-18 Under construction
8(i)*	660 MW Thar Coal based Power Project	Engro Powergen Thar Limited	Thar Block-II, Sindh	Coal	First Unit 330	Dec-18 Under construction
9(i)	1263 MW RLNG based Project	PTPL	Near Trimmu Barrage, Jhang, Punjab	RLNG	GT1 & GT2 800	Open Cycle by Dec-18 LOS issued. FC in progress
Sub Total (2018)					1790	
2019						
7(ii)*	1320 MW Imported coal based Power Project	CPHGCL	HUB, Balochistan	Coal	Second Unit 660	Aug-19
8(ii)*	660 MW Thar Coal based Power Project	Engro Powergen Thar Limited	Thar Block-II, Sindh	Coal	Second Unit 330	Jun-19
9(ii)	1263 MW RLNG based Project	PTPL	Near Trimmu Barrage, Jhang, Punjab	RLNG	ST 463	Combined Cycle by Nov-19
10	Gulpur Hydropower project	Mira Power Ltd	Poonch River, Gulpur, AJ&K	Hydel	102	Oct-19 Under Construction
Sub Total (2019)					1555	
2020						
11	163MW imported coal based Power Project	Grange Power Limited	Arifwala, Punjab	Coal	163	Aug-20 LOS issued FC in progress
Sub Total (2020)					163	
2021						
12*	1320 MW Thar Coal based Power Project	Thar Coal Block-I Power Generation Co. Ltd.	Thar Block-I, Sindh	Coal	First Unit 660 Second Unit 660	Mar-21 Aug-21 LOS issued FC in progress

13*	330 MW Thar Coal based Power Project	Thar Energy Limited	Thar Block-II, Sindh	Coal	330	Mar-21 LOS issued FC in Progress
14*	330 MW Thar Coal based Power Project	Thal Nova Power Thar (Pvt) Ltd	Thar Block-II, Sindh	Coal	330	Mar-21 LOS issued FC in Progress
15	660 MW Thar Coal based Power Project	Lucky Electric Power Company Ltd.	Port Qasim, Karachi	Coal	660	Mar-21 LOS issued FC in progress
16	330 MW Thar Coal based Power Project	Siddiqsons Energy Limited	Thar Block-II, Sindh	Coal	330	Jun-21 LOS issued FC in progress
17*	300 MW Imported coal based Power Project	China Communication Construction Co.	Gwadar, Balochistan	Coal	300	Dec-21 LOI issued Tariff determination in progress
18*	Karot Hydropower Project	Karot Power Co. Pvt Ltd	Jhelum River, Distt. Rawalpindi, Punjab	Hydel	720	Dec-21 FC achieved Under construction
Sub Total (2021)					3990	
2022						
19*	Suki Kinari Hydropower Project	S.K Hydro Pvt Ltd	Kunhar River, Mansehra, KP	Hydel	870	Dec-22 FC achieved Under construction
20*	1320MW Thar coal based Power Project	Thar Energy (Pvt) Ltd.	Thar Block VI, Sindh	Coal	1320	Dec-22 Issuance of NTP & LOI to Phase-I (700 MW) in process
Sub Total (2022)					2190	
2025						
21	Azad Pattan Hydropower Project	Azad Pattan Power (Pvt) Ltd.	Jhelum River, Sudhnoti, AJ&K	Hydel	700	Jun-25 LOS issued FC in progress
22*	Kohala Hydropower Project	Kohala Hydro Company Limited	Jhelum River/ Kohala, AJ&K	Hydel	1124	Jun-25 LOS issued FC in progress
23	Mahl Hydropower	CWE Investment Corporation/China Three Gorges & Trans Tech Pakistan	Jhelum River, AJ&K/ Punjab Project	Hydel	640	Dec-25 LOI issued. FS completed and approved by POE. Tariff petition is with NEPRA for determination/approval
Sub Total (2025)					2464	
2026						
24	Turtonas-Uzghor Hydropower Project	Sinohydro-Sachal Consortium	Golen Gol River, Chitral Valley KP	Hydel	58	Dec-26 LOI issued. Feasibility Study in progress
Sub Total (2026)					58	
2027						
25	Kaigah Hydropower Project	Asmandal Trading, Associated Technologies	Kaigah, Indus River, KP	Hydel	548	Jun-27 LOI issued Feasibility Study completed. Sponsors are in process of submission of

						feasibility study level tariff to NEPRA based on revised design.
26	Athmuqam Hydropower Project	Korea Hydro and Nuclear Company	Neelum River, AJ&K	Hydel	350	Dec-27 LOI issued. Feasibility Study in progress
Sub Total (2027)					898	
27	Chakothi-Hattian Hydropower Project	-	Muzaffarabad, AJ&K	Hydel	500	To be advertised. COD will be assessed after issuance of LOI
28	Rajdhani Hydropower Project	-	Poonch River AJ&K	Hydel	132	
29	Neckeherdim-Paur Hydropower Project	-	Yarkun River, Chitral Valley KP	Hydel	80	
30	Madian Hydropower Project	-	Swat River, KP	Hydel	157	
Sub Total					869	
Grand Total						20,397

TRANSMISSION LINE PROJECT

Sr.#	Project	Sponsor/ Company Name	Location	Technology	Expected COD/Remarks
1*	Matiari-Lahore HVDC Transmission Line Project	China Electric Power Equipment and Technology Co. Ltd. (CET)/ State Grid Corporation of China (SGCC)	Matiari to Lahore (Approx 880 Km)	+ 660 kV HVDC Transmission Line	Mar-21 Tariff Approved by NEPRA FC in progress

* CPEC Projects
GT = Gas Turbine
ST = Steam Turbine

PPIB'S PORTFOLIO OF COMMISSIONED PROJECTS

Sr.#	Project Name	Location	Gross/ Installed Capacity (MW)	Commercial Operation Date (COD)
Prior to 1994 Power Policy:				
1	Hub Power Project , (HUBCO)	Tehsil Hub, District Lasbela, Balochistan	1,292	31.03.97
Under 1994 Power Policy:				
2	Lalpir Power Project	Mehmood Kot, Muzaffargarh, Punjab	362	06.11.1997
3	Pak Gen Power Project	Mehmood Kot, Muzaffargarh, Punjab	365	01.02.1998
4	Altern Power Project	Fateh Jang, Attock	31	06.06.2001 (1st Phase) 20.09.2008 (2nd Phase)
5	Fauji Kabirwala Power Project	Kabirwala, District Khanewal	157	21.10.1999
6	Gul Ahmed Energy Project	Korangi Industrial Township, Karachi	136	03.11.1997
7	Habibullah Coastal Power Project	Quetta	140	11.09.1999
8	Japan Power Generation Project	17 km Jia Bagga, Off Raiwind Road, Lahore	120	14.03.2000
9	Kohinoor Energy Project	Raiwind-Manga Road; Near Lahore	131	20.06.1997
10	TNB Liberty Power Project	Daharki, Distt. Ghotki, Sindh	235	20.09.2001
11	Rousch (Pakistan) Power Project	Abdul Hakeem Barrage, District Khanewal	450	11.12.1999
12	Saba Power Project	Farouqabad, Shiekhpura, Punjab	134	31.12.1999
13	Southern Electric Power Project	Raiwind Lahore, Punjab	117	12.07.1999
14	Tapal Energy Project	District West, Karachi	126	20.06.1997
15	Uch Power Project	Dera Murad Jamali, District Nasirabad, Balochistan	586	18.10.2000
16	Davis Energen Private Ltd	Jhang, Punjab	10.5	13.07.2013
17	Kot Addu Power Project (KAPCO)*	Kot Addu District, Muzaffargarh, Punjab	1,638	December 1996
		Total (HUBCO+1994 Power Policy)	6,030.50	
Under 1995 Policy				
18	New Bong Escape Hydropower Project	7.5 km Downstream Mangla Dam, Azad Jammu & Kashmir	84	23.03.2013
Under 2002 Power Policy				
19	Attock Gen Power Project	Rawalpindi, Punjab	165	17.03.2009
20	Atlas Power Project	Sheikhupura, Punjab	225	18.12.2009
21	Engro Power Project	Qadirpur, Sindh	227	27.03.2010
22	Saif Power Project	Sahiwal, Punjab	229	27.04.2010
23	Orient Power Project	Balloki, Punjab	229	24.05.2010
24	Nishat Power Project	Near Lahore, Punjab	200	09.06.2010
25	Nishat Chunian Power Project	Near Lahore, Punjab	200	21.07.2010
26	Sapphire Power Project	Muridke, Punjab	225	05.10.2010
27	Liberty Power Tech Project	Near Faisalabad, Punjab	200	13.01.2011
28	HUBCO-Narowal Project	Narowal, Punjab	220	22.04.2011

29	Fauji Daharki Power Project	Daharki, Sindh	185	16.05.2011
30	Halmore Power Project	Bhikki, Punjab	225	25.06.2011
31	Uch-II Power Project	Dera Murad Jamali, Balochistan	404	04.04.2014
32	Partind Hydropower Project	Kunhar River, AJ&K	147	08.11.2017
		Total (1995 and 2002 Power Policy)	3,165	
Under 2015 Power Policy				
33	Sahiwal Power Project	Qadirabad, District Sahiwal, Punjab	1,320	28.10.2017
34	Port Qasim Power Project	Port Qasim, Near Karachi, Sindh	1,320	25.04.2018
35	Bhikki Power Project	Bhikki, District Sheikhupura, Punjab	1,180	20.05.2018
36	Haveli Bahadur Shah Power Project	Haveli Bahadur Shah, District Jhang, Punjab	1,230	09.05.2018
37	Balloki Power Project	Balloki, District Kasur, Punjab	1,223	Partially Commissioned
		Total (2015 Power Policy)	6,273	
		Grand Total	15468.50	

* Initially KAPCO was a Public-Sector Power Project; however, through its strategic sale by the Privatization Commission, it was converted into IPP

COMMISSIONED & UP-COMING IPPs IN PAKISTAN

Appendix-V



LEGENDS

COMMISSIONED IPP

UP-COMING IPP

OIL

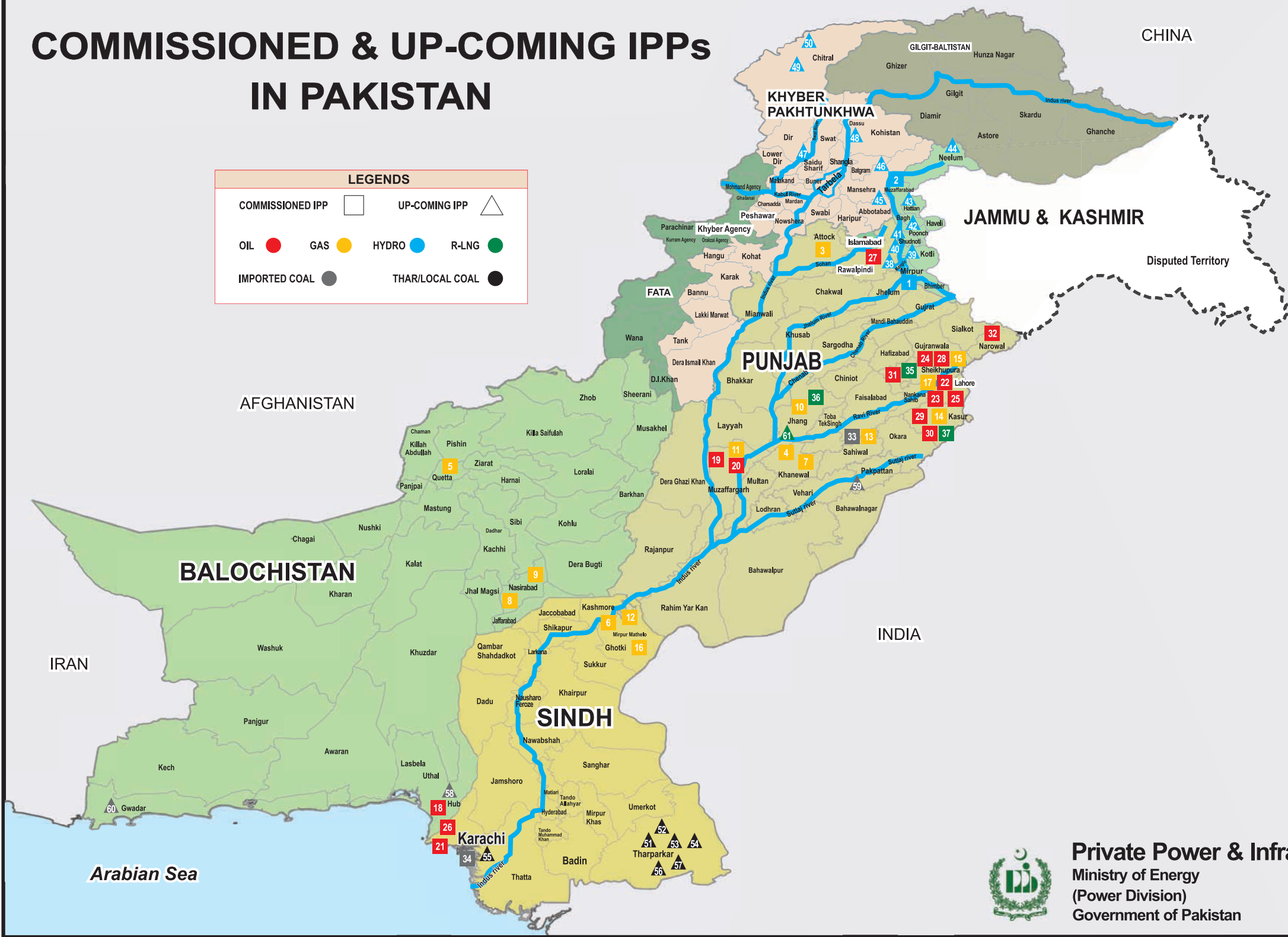
GAS

HYDRO

R-LNG

IMPORTED COAL

THAR/LOCAL COAL



Summary

231 MW

4971.5 MW

3993 MW

2640 MW

3633 MW

5981 MW

4950 MW

1783 MW

1263 MW

Total: 29445.50 MW

List of Projects	
<div>Commissioned IPPs – Hydropower</div> <div>1. 84 MW New Bong Hydropower Project</div> <div>2. 147 MW Patrind Project</div>	<div>Commissioned IPPs – R-LNG</div> <div>35. 1180 MW Bhikki Power Project</div> <div>36. 1230 MW Haveli Bahadur Shah Power Project</div> <div>37. 1223 MW Balloki Power Project</div>
<div>Commissioned IPPs – Gas</div> <div>3. 31 MW Altern</div> <div>4. 157 MW Fauji Kabirwala</div> <div>5. 140 MW Habibullah</div> <div>6. 235 MW TNB Liberty</div> <div>7. 450 MW Rousch</div> <div>8. 586 MW Uch</div> <div>9. 404 MW Uch-II</div> <div>10. 10.5 MW Davis</div> <div>11. 1638 MW KAPCO</div> <div>12. 227 MW Engro</div> <div>13. 229 MW Saif</div> <div>14. 229 MW Balloki</div> <div>15. 225 MW Sapphire</div> <div>16. 185 MW Fauji Daharki</div> <div>17. 225 MW Bhikki</div>	<div>Upcoming IPPs – Hydropower</div> <div>38. 720 MW Karot</div> <div>39. 102 MW Gulpur</div> <div>40. 700 MW Azad Pattan</div> <div>41. 640 MW Mahl</div> <div>42. 132 MW Rajdhani</div> <div>43. 500 MW Chakothi-Hattian</div> <div>44. 350 MW Athmuqam</div> <div>45. 1124 MW Kohala</div> <div>46. 870 MW Suki Kinari</div> <div>47. 157 MW Madian</div> <div>48. 548 MW Kaigah</div> <div>49. 58 MW Turtonas-Uzghor</div> <div>50. 80 MW Neckeherdim-Paur</div>
<div>Commissioned IPPs – Oil</div> <div>18. 1292 MW Hub</div> <div>19. 362 MW Lalpir</div> <div>20. 365 MW Pak Gen</div> <div>21. 136 MW Gul Ahmed</div> <div>22. 120 MW Japan Power</div> <div>23. 131 MW Kohinoor</div> <div>24. 134 MW Saba</div> <div>25. 117 MW Southern Electric</div> <div>26. 126 MW Tapal</div> <div>27. 165 MW Attock Gen</div> <div>28. 225 MW Atlas</div> <div>29. 200 MW Nishat</div> <div>30. 200 MW Nishat Chunian</div> <div>31. 200 MW Liberty Power</div> <div>32. 220 MW HUBCO-Narowal</div>	<div>Upcoming IPPs – Local/Thar Coal</div> <div>51. 660 MW Engro</div> <div>52. 1320 MW Shanghai</div> <div>53. 330 MW Hub</div> <div>54. 330 MW ThalNova</div> <div>55. 660 MW Lucky</div> <div>56. 330 MW Siddiqsons</div> <div>57. 1320 MW Oracle</div> <div>58. 1320 MW Hub</div> <div>59. 163 MW Grange</div> <div>60. 300 MW Gawadar</div>
<div>Commissioned IPPs – Imported Coal</div> <div>33. 1320 MW Sahiwal</div> <div>34. 1320 MW Port Qasim</div>	<div>Upcoming IPPs – R-LNG</div> <div>61. 1263 MW Punjab Thermal Power Project</div>



Private Power & Infrastructure Board
Ministry of Energy
(Power Division)
Government of Pakistan

**PRIVATE POWER AND INFRASTRUCTURE BOARD
(PPIB)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF PRIVATE POWER AND INFRASTRUCTURE BOARD

Opinion

We have audited the financial statements of Private Power and Infrastructure Board (PPIB), which comprise the statement of financial position as at 30 June 2018, and income and expenditure account, the statement of comprehensive income, statement of changes in fund and reserve and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PPIB as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with approved accounting 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 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of PPIB and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Riaz Ahmad & Company

Chartered Accountants

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 approved accounting standards as applicable in Pakistan, and for such internal control as the Board 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, the Board 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 PPIB 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.

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.

Riaz Ahmad & Company

Chartered Accountants

- 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 PPIB'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: 15 JUL 2019

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2018 (Rupees in thousand)	2017
NON-CURRENT ASSETS			
Property and equipment	4	54,557	60,477
Intangible assets	5	1,357	1,028
Long term investments	6	104,042	127,115
Loans and advances	7	23,849	22,051
Deferred income tax asset	8	33,810	23,189
		<u>217,615</u>	<u>233,860</u>
CURRENT ASSETS			
Advances, prepayments and other receivables	9	143,457	138,933
Advance tax	10	27,248	39,871
Short term investments	11	1,386,162	846,747
Cash and bank balances	12	206,451	518,907
		<u>1,763,318</u>	<u>1,544,458</u>
CURRENT LIABILITIES			
Provision against performance guarantees encashed	13	650,398	612,450
Staff gratuity	14	111,886	82,588
Accrued and other liabilities	15	148,954	77,954
		<u>911,238</u>	<u>772,992</u>
NET ASSETS		<u><u>1,069,695</u></u>	<u><u>1,005,326</u></u>
REPRESENTED BY:			
PPIB Fund	16	1,008,517	921,832
Investments revaluation reserve		61,178	83,494
		<u><u>1,069,695</u></u>	<u><u>1,005,326</u></u>

CONTINGENCIES AND COMMITMENTS 17

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


MANAGING DIRECTOR


BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	NOTE	(Rupees in thousand)	
INCOME			
Income from operations	18	624,571	133,737
Income from financial assets	19	110,317	52,452
Other income		1,430	836
		<u>736,318</u>	<u>187,025</u>
EXPENDITURE			
Salaries and benefits	20	532,986	366,410
Repair and maintenance	21	5,184	6,252
Printing and stationery	22	2,619	2,527
Professional and legal services fee		29,672	5,052
Board meeting expenses		3,689	1,091
Traveling expenses		6,026	6,914
Office / ground rent		28,294	28,151
Telephone, fax, postage and courier		1,590	1,635
Fixed assets insurance		940	814
Utilities		3,791	4,072
Audit fee		363	363
Depreciation	4	11,074	9,844
Amortization	5	154	129
Finance Cost	23	716	183
Advertisement expenses		3,997	2,188
Other expenses	24	14,456	6,873
		<u>645,551</u>	<u>442,498</u>
PROFIT BEFORE TAX		<u>90,767</u>	<u>(255,473)</u>
Taxation	25	(5,136)	(165,336)
PROFIT / (LOSS) AFTER TAX		<u><u>85,631</u></u>	<u><u>(420,809)</u></u>

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


MANAGING DIRECTOR


BOARD MEMBER

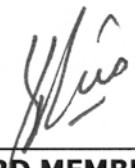
PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
PROFIT / (LOSS) AFTER TAX	85,631	(420,809)
OTHER COMPREHENSIVE INCOME		
Items that will be subsequently reclassified to profit or loss		
Surplus on remeasurement of investments to fair value	(23,073)	26,952
Deferred income tax	757	(204)
	(22,316)	26,748
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of defined benefit plan	1,484	(63,905)
Deferred income tax	(430)	629
	1,054	(63,276)
Other comprehensive loss - net of tax	(21,262)	(36,528)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	<u>64,369</u>	<u>(457,337)</u>

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



MANAGING DIRECTOR



BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF CHANGES IN FUND AND RESERVE
FOR THE YEAR ENDED 30 JUNE 2018

	PPIB fund	Investments revaluation reserve	Total
----- (Rupees in thousand) -----			
Balance as at 30 June 2016	1,405,917	56,746	1,462,663
Loss for the year	(420,809)	-	(420,809)
Other comprehensive (loss) / income for the year	(63,276)	26,748	(36,528)
Total comprehensive (loss) / income for the year	(484,085)	26,748	(457,337)
Balance as at 30 June 2017	921,832	83,494	1,005,326
Profit for the year	85,631	-	85,631
Other comprehensive (loss) / income for the year	1,054	(22,316)	(21,262)
Total comprehensive (loss) / income for the year	86,685	(22,316)	64,369
Balance as at 30 June 2018	<u>1,008,517</u>	<u>61,178</u>	<u>1,069,695</u>

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

Review



MANAGING DIRECTOR



BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

2018 **2017**
(Rupees in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) before tax	90,767	(255,473)
Adjustments for non-cash and other items:		
Depreciation	11,074	9,844
Amortization	154	129
Return on held to maturity investments	(48,992)	(40,092)
Dividend income	-	(6,524)
Income on bank deposits	(7,861)	(3,288)
Interest on loan to employees	(2,564)	(2,548)
Provision for staff gratuity	30,782	18,683
Provision for leave encashment	16,813	15,134
Provision for other receivables	(2,626)	-
Gain on sale of property and equipment	(1,270)	(831)
Unrealised foreign exchange (gain) / loss - net	(50,900)	357
Net cash generated from operating activities	35,377	(264,609)

Effect of working capital changes:

(Increase) in advances, prepayments and other receivables
Increase in accrued and other liabilities

(1,898)	(117,937)
68,123	2,259
66,225	(115,678)

Gratuity paid
Leave encashment paid
Performance guarantee repaid
Taxes paid

-	(22,267)
(13,936)	(8,999)
(31,350)	-
(2,807)	(6,119)
(48,093)	(37,385)
53,509	(417,672)

Net cash generated from / (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure on property and equipment
Proceeds from sale of property and equipment
Intangible assets acquired
Decrease in long term loans and advances
Return on bank deposits
Interest on loan to employees
Return on held to maturity investments received
Investment (made) / encashed - net

(5,154)	(10,235)
1,270	1,677
(483)	(277)
(1,798)	7,271
7,861	3,288
2,564	2,548
34,105	33,549
(462,734)	681,082
(424,369)	718,903

Net cash (used in) / from investing activities

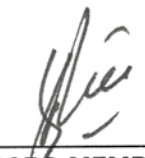
CASH FLOWS FROM FINANCING ACTIVITIES

NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR
EFFECT OF EXCHANGE RATE CHANGES
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

(370,860)	301,231
518,907	216,689
58,404	987
206,451	518,907

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


MANAGING DIRECTOR


BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 STATUS AND OPERATIONS

- 1.1 Private Power and Infrastructure Board (PPIB) was 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 registered office of the Board is situated at Mauve Area, Sector G-8/1, Islamabad.
- 1.2 Private Power and Infrastructure Board (PPIB) Act No.VI of 2012 (the Act), was enacted on 02 March 2012 for establishment of PPIB as a body corporate having perpetual succession & common seal, independent in performance of its functions and competent to sue and be sued in its own name and acquire and hold property. As per the Act, PPIB is responsible for 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.

Upon commencement of the Act , the Private Power and Infrastructure Board established vide Federal Government's Notification (hereinafter referred to as the former Board) stood dissolved and consequent to such dissolution:-

- (a) all assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the former board subsisting immediately before its dissolution stood transferred to and vested in PPIB constituted under the Act;
- (b) all debts and obligations incurred or contracts entered into, rights acquired and all matters and things engaged to be done by, with or for the former Board are deemed to have been incurred, entered into, acquired or engaged to be done by, with or for PPIB;
- (c) all suits and other legal proceedings instituted by or against the former Board, before its dissolution, are deemed to be suits and proceedings by or against PPIB and will be proceeded or otherwise dealt with accordingly; and
- (d) any reference to the former Board in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be PPIB.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as applicable in Pakistan.

2.2 Accounting convention

These financial statements have been prepared on the historical cost basis except financial instruments which are carried at their fair values or amortized cost and staff retirement gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets. Assets transferred from Private Power Cell (PPC) are carried at their assigned values as explained in note 3.1 to the financial statements.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Board's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Board's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Board. Further, the Board reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

Employee benefits

The Board operates funded scheme of gratuity for all employees of the Board, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to scheme' benefits.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Employee benefits scheme cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

Taxation

In making the estimates for income tax currently payable by the Board, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

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

The following amendments to published approved accounting standards are mandatory for the Board's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Board's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Board's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Board's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2.5 **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Board**

Following standards, interpretations and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Board is in the process of evaluating the impacts of the aforesaid standard on the Board's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Board's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Board's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Board's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Board's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Board's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Board's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Board's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use statement of comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

2.6 Standards and amendments to 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 2018 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.

2.7 Functional and presentation currency

These financial statements are presented in the currency of the primary economic environment in which PPiB operates. The financial statements are presented in Pakistani Rupees, which is PPiB's functional currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

a) Cost

Tangible assets except those transferred from PPC and leasehold land are stated at cost less accumulated depreciation and impairment loss (if any). Property and equipment transferred from PPC are stated at assigned values less depreciation and impairment loss (if any) with corresponding credit to a property and equipment reserve which has been amortised 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 the cost of the item can be measured reliably. Carrying amount of the replaced part is de-recognized.

b) **Depreciation**

Depreciation is charged on the straight line method so as to allocate their cost over their estimated useful life at the rates specified in note 4 to these financial statements.

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**

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred.

d) **Gains and losses on disposal**

Gains and losses on disposal of assets are included in income and expenditure account currently.

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.

e) **Capital work in progress**

Capital work in progress is stated at cost.

3.2 **Intangible assets**

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to PPIB and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization or impairment loss, if any. Amortization is based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment, if any.

Amortization is recognized in income and expenditure account on a straight line basis @ 10 % per annum, from the month the asset is available for use.

Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in income and expenditure account as incurred.

3.3 **Financial instruments**

Financial assets comprise investments, advances, loans, other receivables and cash and bank balances. Financial liabilities include provision against performance guarantees encashed and accrued and other liabilities. Financial assets and liabilities are recognised when PPIB becomes a party to the contractual provisions of the instrument and de-recognised when PPIB loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.4 **Financial assets**

PPIB classifies its financial assets in the following categories: held-to-maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sale of financial assets are recognized on the trade date — the date on which the management commits to purchase or sell the asset.

3.4.1 **Held to maturity investments**

Investments are classified as held to maturity if these investments have a fixed maturity and PPIB has the positive intent and ability to hold such investments to maturity. These investments are initially recorded at cost being the fair value of consideration given including the acquisition cost and are subsequently carried at each year end at amortised cost less impairment loss, if any.

3.4.2 Available for sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. These investments may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. These investments are initially recognised at cost and subsequently remeasured at fair value.

3.5 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at their amortised cost less an allowance for any uncollectable amounts. Carrying amounts of trade debts and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

3.6 Accrued and other liabilities

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.7 Employee retirement benefits

The main features of the retirement benefit schemes operated by PPIB for its employees are as follows:

3.7.1 Defined benefit plans

PPIB has in place a defined benefit funded gratuity for all eligible employees who complete qualifying period of service and age.

The fund is administered by trustees. Annual contributions to the gratuity fund is based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 14 to the financial statements. The obligation at the balance sheet 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 2018.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognised 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.

3.7.2 Defined contribution plan

PPIB operates and manages an contributory provident fund scheme for all its regular employees who have completed the probation period. PPIB has created a trust for this purpose and has applied to Commissioner of Income tax for recognition of the fund under the provisions of part 1 of sixth schedule of Income Tax Ordinance, 2001.

Equal monthly contributions are made by PPIB and the employees at the rate of 5% of basic salary. Contributions are charged to income and expenditure account.

3.8 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.

3.9 Taxation

Income tax expense comprises of current and deferred tax.

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in income and expenditure account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period where the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

PPIB takes into account the current income tax law and decisions taken by the taxation authorities.

3.10 Revenue recognition

Revenue from operations is recognized as follows:

- Registration fee, request for quotation fee, expression of interest fee and project processing fee is recognized on receipt basis.
- extension of letter of intent (LOI) and letter of support (LOS) is recognized when the extension is approved by Board.

Revenue from profit on bank balances, investments, operations and other income is recognized on accrual basis. Dividend income is recognised when the right to receive dividend is established.

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.

3.11 Operating leases

Operating lease rentals are recorded in income and expenditure account on a time proportion basis over the term of the lease arrangements.

3.12 Off-setting

Financial assets and liabilities are set off in the statement of financial position, only when PPIB has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.13 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 balance sheet date and exchange differences, if any, are charged to income for the current year.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with bank.

3.15 Provisions

A provision is recognized in the balance sheet when PPIB has a legal or constructive obligation as a result of a past event, and it is probable that an 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 measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4 PROPERTY AND EQUIPMENT

As at 01 July 2016

Cost	15,014	7,312	14,298	17,206	9,846	1,917	20,249	906	15,169	101,917
Accumulated Depreciation	-	4,576	393	12,504	7,058	1,479	14,300	675	-	40,985
	15,014	2,736	13,905	4,702	2,788	438	5,949	231	15,169	60,932

Year ended 30 June 2017

Opening net book value	15,014	2,736	13,905	4,702	2,788	438	5,949	231	15,169	60,932
Additions	-	1,376	2,902	1,174	458	-	3,845	-	480	10,235
Disposals:										
Cost	-	1,854	-	1,071	3,308	1,425	1,592	-	-	9,250
Accumulated depreciation	-	(1,040)	-	(1,071)	(3,308)	(1,393)	(1,592)	-	-	(8,404)
	-	814	-	-	-	32	-	-	-	846
Depreciation charge	-	374	5,123	1,673	723	74	1,826	51	-	9,844
	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649	60,477

At 30 June 2017

Cost	15,014	6,834	17,200	17,309	6,996	492	22,502	906	15,649	102,902
Accumulated Depreciation	-	3,910	5,516	13,106	4,473	160	14,534	726	-	42,425
	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649	60,477

Year ended 30 June 2018

Opening net book value	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649	60,477
Additions	-	286	-	3,324	118	-	1,409	-	17	5,154
Disposals:										
Cost	-	-	-	3	-	-	1,992	-	-	1,995
Accumulated depreciation	-	-	-	(3)	-	-	(1,992)	-	-	(1,995)
	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	502	5,676	1,468	672	74	2,625	57	-	11,074
	15,014	2,708	6,008	6,059	1,969	258	6,752	123	15,666	54,557

At 30 June 2018

Cost	15,014	7,120	17,200	20,630	7,114	492	21,919	906	15,666	106,061
Accumulated Depreciation	-	4,412	11,192	14,571	5,145	234	15,167	783	-	51,504
	15,014	2,708	6,008	6,059	1,969	258	6,752	123	15,666	54,557

Rate of depreciation (per annum)

- 10% 33% 20% 15% 20% 10%

4.1 Capital work in progress

This represents payments made to National Engineering Services Pakistan (Private) Limited, Capital Development Authority and Pakistan Environmental Protection Agency for planning and designing of construction of building on leasehold land.

	(Rupees in thousand)
5 INTANGIBLE ASSETS - Computer Softwares	
At 1 July 2016	
Cost	1,308
Accumulated Amortization	428
	<u>880</u>
Year ended 30 June 2017	
Opening net book value	880
Additions	277
Amortization charge	129
	<u>1,028</u>
At 1 July 2017	
Cost	1,585
Accumulated Amortization	557
	<u>1,028</u>
Year ended 30 June 2018	
Opening net book value	1,028
Additions	483
Amortization charge	154
	<u>1,357</u>
At 30 June 2018	
Cost	2,068
Accumulated Amortization	711
	<u>1,357</u>
Rate of amortization (per annum)	10%

	NOTE	2018 (Rupees in thousand)	2017 (Rupees in thousand)
6 LONG TERM INVESTMENTS			
Held to maturity			
Pakistan Investment Bonds (PIBs)		-	90,254
Accrued profit		-	3,735
		<u>-</u>	<u>93,989</u>
Available for sale			
National Investment Trust (NIT) 1,517,960 units (2017: 1,517,960 units)		42,605	42,605
(Deficit) / Surplus on remeasurement of investment to fair value		61,437	84,510
		<u>104,042</u>	<u>127,115</u>
		104,042	221,104
Less: Current portion of held to maturity investment shown under current assets		-	93,989
		<u>104,042</u>	<u>127,115</u>
7 LOANS AND ADVANCES			
Loans and advances - considered good	7.1	38,714	43,198
Less: Current portion shown under current assets		<u>(14,865)</u>	<u>(21,147)</u>
		<u>23,849</u>	<u>22,051</u>

7.1 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. The loans 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 favour of PPIB executed by two employees of PPIB acting as sureties on behalf of employee obtaining loan.

7.2 It includes loan to key management personnel amounting to Rupees 15.334 million (2017: Rupees 11.816 million).

	NOTE	2018 (Rupees in thousand)	2017
8 DEFERRED INCOME TAX ASSET			
This comprises of following:			
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated depreciation		1,376	(817)
Surplus on remeasurement of investments to fair value		(13)	(770)
		<u>1,363</u>	<u>(1,587)</u>
Deferred tax asset on deductible temporary differences in respect of:			
Provision for staff gratuity		32,447	24,776
		<u>33,810</u>	<u>23,189</u>

8.1 The gross movement in deferred tax asset during the year is as follows:

Balance as at 1 July		23,189	187,284
Tax credit recognized in income and expenditure account	25	10,294	(164,520)
Tax adjustment in other comprehensive income		327	425
Balance as at 30 June		<u>33,810</u>	<u>23,189</u>

8.2 Deferred income tax asset of Rupees 242.970 million on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not probably be available against which the temporary differences can be utilized.

	NOTE	2018 (Rupees in thousand)	2017
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
- employees against expenses		616	621
- suppliers / services		142	142
- employees against provident fund		<u>1,735</u>	<u>1,735</u>
		2,493	2,498
Current portion of loans and advances	7	14,865	21,147
Prepayments		1,101	26,526
Accrued interest on bank deposits		2,577	537
Accrued income on account of fees	9.1	119,924	83,471
Other receivables		<u>5,123</u>	<u>4,754</u>
-Provision for doubtful receivables	9.2	<u>(2,626)</u>	<u>-</u>
		2,497	4,754
		<u>143,457</u>	<u>138,933</u>

9.1 This represents accrued fee in respect of extension of LOI and LOS approved by Board for various Independent Power Producers (IPPs).

9.2 Movement in provision for other receivables

As at 01 July		-	-
Add: Provision for the year	24	2,626	-
As at 30 June		<u>2,626</u>	<u>-</u>

10 ADVANCE TAX

This represents tax withholding suffered at source and includes an amount of Rupees 8.9 million (2017: 8.9 million Rupees) relating to tax years 2009, 2010 & 2011 in whose respect, the refund applications were filed by the Board with taxation authorities on 26 August 2011. A reminder of the same was filed on 18 June 2012 whereas, the aforesaid applications were rejected by the Officer Inland Revenue, Regional Tax Office, Islamabad. PPIB had filed appeals with Commissioner Inland Revenue - Appeals (CIR – A) in this respect which was rejected. Thereafter, PPIB filed appeals with Appellate Tribunal Inland Revenue (ATIR). In disposing off the appeal, the ATIR has vacated the order of CIR-A and directed PPIB to approach the Taxation Officer (TO) and the TO has been directed that he may consult Federal Board of Revenue for procedure in such cases.

	NOTE	2018 (Rupees in thousand)	2017 (Rupees in thousand)
11 SHORT TERM INVESTMENTS - Held to maturity			
Term Deposit Receipts (TDRs)			
(In US Dollars)			
Faysal Bank Limited (FBL) US\$ 3,259,253 (2017: 2,000,000)		395,673	209,600
Allied Bank Limited (ABL) US\$ 1,099,920 (2017: Nil)		133,530	-
Habib Metropolitan Bank Limited (HMBL) US\$ 2,895,160 (2017:US\$ 2,829,609)		351,473	296,543
Meezan Bank Limited (MBL) US\$ Nil (2017: US\$ 1,199,980)		-	125,758
United Bank Limited (UBL) US\$ Nil (2017: US\$ 1,100,000)		-	115,280
		<u>880,676</u>	<u>747,181</u>
(In PKR)			
Pak Oman Investment Company Limited (POIC)		285,022	-
Faysal Bank Limited (FBL)		<u>200,000</u>	<u>-</u>
		485,022	-
Accrued profit on:			
TDRs			
In US Dollars			
- FBL		1,203	747
- ABL		895	-
- HMBL		2,236	1,920
- MBL		-	2,008
- UBL		-	902
		<u>4,334</u>	<u>5,577</u>
In PKR			
- POIC		5,152	-
- FBL		<u>10,978</u>	<u>-</u>
		16,130	-
Current portion of long term investments	6	<u>-</u>	<u>93,989</u>
		<u>1,386,162</u>	<u>846,747</u>

11.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Maturity	Profit rate per annum
TDRs			
FBL	USD	August 2018	2.55%
FBL	USD	May 2019	3.40%
HMBL	USD	March 2019	3.00%
HMBL	USD	May 2019	3.40%
ABL	USD	April 2019	2.75%
POIC	PKR	August 2018	6.40%
POIC	PKR	August 2018	6.30%
FBL	PKR	August 2018	6.30%

12 CASH AND BANK BALANCES	NOTE	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Cash at bank:			
- Current accounts	12.1	3,418	149,038
- Saving accounts	12.1, 12.2 & 12.3	<u>203,025</u>	<u>369,851</u>
		206,443	518,889
Cash in hand		<u>8</u>	<u>18</u>
		<u>206,451</u>	<u>518,907</u>
12.1 Balances in these accounts include Rupees 22.910 million (2017: Rupees 47.094 million) held on account of employees' provident fund scheme.			
12.2 The balances in saving accounts include USD141,953 (2017: USD 400,275).			
12.3 The balances in saving accounts carry rates of profit ranging from 0.10% to 3.75 % (2017: 0.10% to 3.75%) per annum.			

	NOTE	2018 (Rupees in thousand)	2017
13 PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED			
Spencer Powergen Company of Pakistan Limited	13.2	41,046	41,046
Star Energy Venture Pakistan Limited	13.3	78,400	78,400
Liberty Power Tech Limited		23,500	23,500
Star Power Generation Company Limited	13.4	325,352	280,864
Kotli Hydropower Project	13.5	60,700	52,400
Gujranwala Energy Limited		121,400	104,800
China Machinery Engineering		-	31,440
		<u>650,398</u>	<u>612,450</u>

13.1 Movement of provision against performance guarantees encashed

Balance at the beginning	612,450	611,106
Exchange loss	69,298	1,344
Payment during the year	<u>(31,350)</u>	-
Balance at the end	<u>650,398</u>	<u>612,450</u>

- 13.2 Based on order of Islamabad High Court dated 4 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 pending in Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited.
- 13.3 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.
- 13.4 Star Power Generation Company Limited has 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.
- 13.5 In April 2010, PPIB issued Letter of Support (LOS) to Mira Pakistan 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". In case the PPIB's act of encashment of performance guarantee is not contested at court of law then after three years this amount shall be payable by PPIB to AJ & K Council.
- 13.6 The provision mentioned above are being carried on the basis of management's assessment of related cases. Further, PPIB is also defending its views before the High Court in connection with the above cases filed by the aforesaid entities.

14 STAFF GRATUITY

The latest actuarial valuation was carried out as at 30 June 2018, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	2018 (Rupees in thousand)	2017
14.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	311,247	280,637
Fair value of plan assets	<u>(199,361)</u>	<u>(198,049)</u>
	<u>111,886</u>	<u>82,588</u>

	2018 (Rupees in thousand)	2017 (Rupees in thousand)		
14.2 The amounts recognised in income and expenditure account are as follows:				
Current service cost	24,721	17,876		
Net interest cost	6,061	807		
	<u>30,782</u>	<u>18,683</u>		
14.3 Movement in Balance Sheet				
Opening liability	82,588	22,267		
Expense for the year	30,782	18,683		
Charged to other comprehensive income	(1,484)	63,905		
Contributions paid	-	(22,267)		
Liability to be recognized in the balance sheet	<u>111,886</u>	<u>82,588</u>		
14.4 Based on the actuarial valuation a contribution of Rupees 38.785 million is expected to be paid to the defined benefit plan during the year ending 30 June 2019.				
14.5 Changes in the present value of defined benefit obligation are as follows:				
	2018 (Rupees in thousand)	2017 (Rupees in thousand)		
Present value of defined benefit obligation at beginning	280,637	188,231		
Current service cost	24,721	17,876		
Interest cost	21,306	13,647		
Benefits paid	(2,669)	-		
Benefits due but not paid	(8,767)	-		
Remeasurement of defined benefit obligation	(3,981)	60,883		
Present value of defined benefit obligation at 30 June	<u>311,247</u>	<u>280,637</u>		
14.6 Changes in the fair value of plan assets are as follows:				
Fair value of plan assets at beginning	198,049	165,964		
Expected return on plan assets	15,245	12,840		
Contributions to the fund	-	22,267		
Benefits paid	(2,669)	-		
Benefits due but not paid	(8,767)	-		
Remeasurement of plan assets	(2,497)	(3,022)		
Fair value of plan assets at 30 June	<u>199,361</u>	<u>198,049</u>		
14.7 Composition of plan assets as a percentage of total plan assets of defined gratuity plan are as follows:				
	2018 %	2017 %	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Bank balances	19.08	10.12	38,040	20,049
Term finance certificates	8.94	4.63	17,832	30,176
NIT units	2.40	2.74	4,783	5,424
Term deposit receipts	73.54	82.51	146,619	142,400
Others	0.44	-	854	-
Payables	-4.40	-	(8,767)	-
	<u>100</u>	<u>100</u>	<u>199,361</u>	<u>198,049</u>
14.8 Principal actuarial assumptions used in the actuarial valuation are as follows:				
Discount rate			9.00%	7.75%
Future salary increase			9.00%	7.75%
Expected return on plan assets			9.00%	7.75%
Withdrawal Rates			Age-Based	Moderate
Mortality Rates			Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

2018 **2017**
(Rupees in thousand)

14.09 Re-measurements recognised in other comprehensive income during the year:

Remeasurment loss on obligation	3,981	(60,883)
Remeasurment loss on plan assets	(2,497)	(3,022)
	<u>1,484</u>	<u>(63,905)</u>

14.10 Sensitivity analysis

Discount Rate + 1 %	284,445	256,605
Discount Rate - 1 %	342,179	303,421
Salary growth rate + 1 %	341,877	309,573
Salary growth rate - 1 %	284,214	255,203
Withdrawal rates + 10%	-	280,633
Withdrawal rates - 10%	-	280,641
1 year mortality age set back	-	280,637
1 year mortality age set forward	-	280,637

14.11 Maturity profile

Year 1	-	23,685
Year 2	-	18,258
Year 3	-	10,847
Year 4	-	33,579
Year 5	-	36,671
Year 6 to year 10	-	80,072
Year 11 and above	-	470,901

14.12 Plan Assets at 30 June 2018

Bond	8.6%	-
Equity	2.3%	-
Cash and/or Deposits	89.1%	-
Other	0.0%	-

14.13 Expected Benefit Payments for the Next 10 Years and Beyond

FY 2019	14,912	-
FY 2020	22,668	-
FY 2021	13,932	-
FY 2022	44,668	-
FY 2023	48,432	-
FY 2024	8,678	-
FY 2025	35,843	-
FY 2026	27,912	-
FY 2027	34,441	-
FY 2028	39,477	-
FY 2029 onwards	2,023,950	-

The average duration of the defined benefit obligation is **9 Years**

14.14 Risk associated with defined benefit plans

Investment risk:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks:

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.

Salary increase risk:

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.

Withdrawal risk:

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.

		2018	2017
	NOTE	(Rupees in thousand)	
15 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		96,322	6,448
Provision for leave encashment	15.1	21,752	18,875
Audit fee payable		726	363
Withholding tax		112	401
Retention money		710	710
Other payables		4,051	2,328
Provident fund payable	15.2	25,281	48,829
		<u>148,954</u>	<u>77,954</u>
15.1 Movement of provision for leave encashment is as follows:			
Balance at the beginning		18,875	12,740
Expense for the year	20	16,813	15,134
Payments made during the year		(13,936)	(8,999)
Balance at the end		<u>21,752</u>	<u>18,875</u>
15.2 Movement of provision for provident fund is as follows:			
Balance at the beginning		48,829	33,750
Provision for the year		19,080	15,858
Interest for the year		636	
Payments made during the year		(43,264)	(779)
Balance at the end		<u>25,281</u>	<u>48,829</u>

16 PPIB FUND

As per the requirement of Section 14 of the PPIB Act (Act No. VI of 2012), the accumulated surplus and Government fund available on the PPIB balance sheet as at 1 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 and expended for operations of PPIB for the objects and purposes as specified in Section 15 of the PPIB Act. At the end of each financial year, a balance sheet and income and expenditure account is required to be prepared and any profit / loss is to be transferred to the PPIB Fund.

17 CONTINGENCIES AND COMMITMENTS**17.1 Contingent liabilities**

Certain sponsors of power projects have filed suits against Government of Pakistan (GOP) / PPIB for aggregate claims against damages of Rupees 113,457 million (2017: Rupees 113,457 million) and US\$ 58 million (2017: US\$ 58 million). Also, claims have been lodged against the performance guarantees encashed amounting to Rupees 47.8 million (2017: Rupees 47.8 million) and US\$ 0.2 million (2017: US\$ 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.

		NOTE	2018 (Rupees in thousand)	2017 (Rupees in thousand)
17.2	Commitments			
	Commitments against capital expenditure		<u>25,671</u>	<u>25,688</u>
18	INCOME FROM OPERATIONS			
	Registration fee		32	306
	Request for quotation fee		-	2,622
	Project processing fee		-	47,337
	Issuance of LOI/LOS fee		83,870	-
	Extension in LOI/LOS fee		348,124	83,472
	Proposal processing fee solicited projects		8,565	-
	Fee for achievement of financial close		116,075	-
	Fee for design change		16,430	-
	Fee for change in shareholding		51,475	-
			<u>624,571</u>	<u>133,737</u>
19	INCOME FROM FINANCIAL ASSETS			
	Return on bank deposits		7,861	3,288
	Return on held to maturity investments		48,992	40,092
	Interest on loans to employees		2,564	2,548
	Dividend income		-	6,524
	Exchange gain - net		50,900	-
			<u>110,317</u>	<u>52,452</u>
20	SALARIES AND BENEFITS			
	Salaries and allowances		337,283	278,729
	Bonus		111,940	26,876
	Provision for staff gratuity	14.2	30,782	18,683
	Provision for leave encashment	15.1	16,813	15,134
	PPIB Contribution towards EOBI		5,291	-
	Provident fund contribution		9,540	7,929
	Other benefits		21,337	19,059
			<u>532,986</u>	<u>366,410</u>
21	REPAIR AND MAINTENANCE			
	Vehicle running and maintenance		4,149	4,164
	Office repair, maintenance and renovation		391	1,485
	Computer repair		301	474
	Equipment repair		293	61
	Furniture repair		50	68
			<u>5,184</u>	<u>6,252</u>
22	PRINTING AND STATIONERY			
	Computer stationery		751	535
	Office stationery		1,248	1066
	Printing		620	926
			<u>2,619</u>	<u>2,527</u>
23	FINANCE COST			
	Bank Charges		80	183
	Employees' provident fund trust		636	-
			<u>716</u>	<u>183</u>

	NOTE	2018 (Rupees in thousand)	2017 (Rupees in thousand)
24 OTHER EXPENSES			
Newspapers and periodicals		202	308
Training, conferences and seminars		2,849	2,170
Entertainment and office supplies		2,017	2,010
Security services		1,442	1,239
Exchange loss - net		-	357
Provision for doubtful receivables	9.2	2,626	-
Project Processing Fee		5,070	-
Miscellaneous		250	789
		<u>14,456</u>	<u>6,873</u>
25 TAXATION			
Current			
Current year	25.1	<u>15,430</u>	<u>816</u>
		15,430	816
Deferred			
Current year	8.1	<u>(10,294)</u>	<u>164,520</u>
		<u>5,136</u>	<u>165,336</u>

- 25.1 Provision for current tax represents alternate corporate tax only because of gross loss for the year and in view of available tax losses of Rupees 837.828 million (2017: Rupees 844.136 million). Consequently, tax expense reconciliation is not being presented.

26 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.

27 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. Transactions with these state - controlled entities are not very significant and hence impracticable to quantify for disclosure in these financial statements.

Other related parties are key management personnel and gratuity fund/trust. Transactions with key management personnel and gratuity fund are as follows:

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Salaries and benefits to key management personnel	97,926	79,611
Contribution to gratuity fund / trust	-	22,267

28 FINANCIAL RISK MANAGEMENT

28.1 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 analyse 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 optimising 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:

	2018	2017
	(US Dollars in thousand)	
Short term investments - held to maturity	7,254	7,130
Bank balances	194	400
Net exposure	<u>7,448</u>	<u>7,530</u>

The following significant exchange rates applied during the year:

	2018	2017
Rupees per USD		
Average rate	109.40	104.50
Reporting date mid point rate	121.40	104.80

Sensitivity analysis

At 30 June 2018, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, profit for the year would have been Rupees 90.422 million (2017: Rupees 78.910 million) higher/lower. The analysis is performed on the same basis for comparative period.

(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.

The Board's investment in mutual fund amounting to Rupees 104.042 million (2017: Rupees 127.115 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2018, if fair value (NAV) had been 10% higher / lower with all other variables held constant, total comprehensive loss for the year would have been higher / lower by Rupees 10.4042 million (2017: Rupees 12.7115 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:

	2018	2017
	(Rupees in thousand)	
Floating rate instruments		
Financial assets		
Bank balances	203,025	369,851

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 2.031 million (2017 : Rupees 3.698 million) lower / higher, 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:

	2018	2017
	(Rupees in thousand)	
Investments	1,490,204	973,862
Loans, advances and other receivables	163,712	131,960
Bank balances	206,443	518,889
	<u>1,860,359</u>	<u>1,624,711</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.

Bank balances	Short term	Long term	Agency	2018	2017
				(Rupees in thousand)	
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	141	138
Dubai Islamic Bank Limited	A1	AA-	JCR-VIS	6,014	637
Summit bank Limited	A1	A-	JCR-VIS	-	19
National Bank of Pakistan	A1+	AAA	PACRA	94,582	260
Habib Bank Limited	A1+	AAA	JCR-VIS	89,571	58,530
Bank Alfalah Limited	A1+	AA	PACRA	1,964	306,628
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	769	740
United Bank Limited	A1+	AAA	JCR-VIS	3,512	206
NIB Bank Limited	A1+	AA-	PACRA	260	251
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	163	157
Askari Bank Limited	A1+	AA+	PACRA	17	17
JS bank Limited	A1+	AA-	PACRA	648	568
Faysal Bank Limited	A1+	AA	PACRA	8,080	150,005
MCB Bank Limited	A1+	AAA	PACRA	49	49
First Women Bank Limited	A2	A-	PACRA	673	662
Silkbank Limited	A2	A-	JCR-VIS	-	22
				<u>206,443</u>	<u>518,889</u>
	Short term	Long term	Agency	2018	2017
Investments				(Rupees in thousand)	
Term deposit receipts					
- Faysal Bank Limited	A1+	AA	PACRA	396,876	210,347
- Bank Alfalah Limited	A1+	AA	PACRA	-	-
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	353,709	298,463
- Meezan Bank Limited	A1+	AA	JCR-VIS	-	127,766
- United Bank Limited	A1+	AA	JCR-VIS	-	116,182
- Allied Bank Limited	A1+	AA+	PACRA	134,425	-
				<u>885,010</u>	<u>752,758</u>
National Investment Trust	Unknown			104,042	127,115
Pakistan Investment Bonds	Unknown			-	93,989
				<u>989,052</u>	<u>973,862</u>
Loans, advances and other receivables					
Other banks	A1+			2,577	537
Advances and other receivables	unknown			139,637	111,728
Loans and advances	unknown			23,849	22,051
				<u>166,063</u>	<u>134,316</u>

Due to the Board'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.

(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:

	2018		2017	
	Carrying amount	Contractual cash flows (within one year)	Carrying amount	Contractual cash flows (within one year)
----- (Rupees in thousand) -----				
Provision against performance guarantees encashed	650,398	650,398	612,450	612,450
Other payables having maturity up to one year	101,809	101,809	9,849	9,849
	<u>752,207</u>	<u>752,207</u>	<u>622,299</u>	<u>622,299</u>

29 FINANCIAL INSTRUMENTS

29.1 Financial assets and liabilities

30 June 2018

Financial assets :

Maturity upto one year

Advances and other receivables

Short term investments

Cash and bank balances

Maturity after one year

Long term investments

Loans and advances

Loans and Receivables	Available for sale	Total
----- (Rupees in thousand) -----		
139,863	-	139,863
1,386,162	-	1,386,162
206,451	-	206,451
-	104,042	104,042
23,849	-	23,849
<u>1,756,325</u>	<u>104,042</u>	<u>1,860,367</u>

Financial liabilities :

Other financial liabilities

(Rupees in thousand)

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

650,398

101,809

752,207

30 June 2017

Financial assets :

Maturity upto one year

Advances and other receivables

Short term investments

Cash and bank balances

Maturity after one year

Long term investments

Loans and advances

Loans and Receivables	Available for sale	Total
(Rupees in thousand)		
112,265	-	112,265
846,747	-	846,747
518,907	-	518,907
-	127,115	127,115
22,051	-	22,051
<u>1,499,970</u>	<u>127,115</u>	<u>1,627,085</u>

Financial liabilities :

Other financial liabilities

(Rupees in thousand)

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

612,450

9,849

622,299

29.2 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:

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	----- (Rupees in thousand) -----			
Assets carried at amortized cost				
Long term investments	-	-	93,989	93,989
Short term investments	1,386,162	1,386,162	752,758	752,758
	<u>1,386,162</u>	<u>1,386,162</u>	<u>846,747</u>	<u>846,747</u>

The basis for determining fair values is as follows:

29.3 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.

29.4 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised 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.

30 June 2018	Level 1	Level 2	Level 3	Total
Assets carried at fair value	----- (Rupees in thousand) -----			
Available for sale investments	<u>104,042</u>	<u>-</u>	<u>-</u>	<u>104,042</u>
30 June 2017				
Assets carried at fair value				
Available for sale investments	<u>127,115</u>	<u>-</u>	<u>-</u>	<u>127,115</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 recognise 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 maximise 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.

29.5 **Valuation techniques used to determine fair values**

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

30 **DATE OF APPROVAL**

These financial statements were approved on 15 JUL 2019 by the Board members of PPIB.

31 **CORRESPONDING FIGURES**

No significant reclassification have been made in corresponding figures.

32 **GENERAL**

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



MANAGING DIRECTOR



BOARD MEMBER



PRIVATE POWER AND INFRASTRUCTURE BOARD

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