

ANNUAL REPORT 2019



**PRIVATE POWER AND
INFRASTRUCTURE BOARD**



PRIVATE POWER AND INFRASTRUCTURE BOARD

INNOVATION

PLAN

STRATEGY



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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Table of Acronyms

ADB	Asian Development Bank
AEDB	Alternative Energy Development Board
CPEC	China-Pakistan Economic Corridor
CPPA-G	Central Power Purchasing Agency (Guarantee) Ltd.
CTBCM	Competitive Trading Bilateral Contract Market
COD	Commercial Operation Date
CCOE	Cabinet Committee on Energy
DISCOS	Distribution Companies
EOI	Expression of Interest
EPA	Energy Purchase Agreement
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
GOPb	Government of Punjab
GOKP	Government of Khyber Pakhtunkhwa
GOS	Government of Sindh
GOB	Government of Balochistan
GOAJ&K	Government of Azad Jammu & Kashmir
GENCOS	Generation Companies

Table of Acronyms

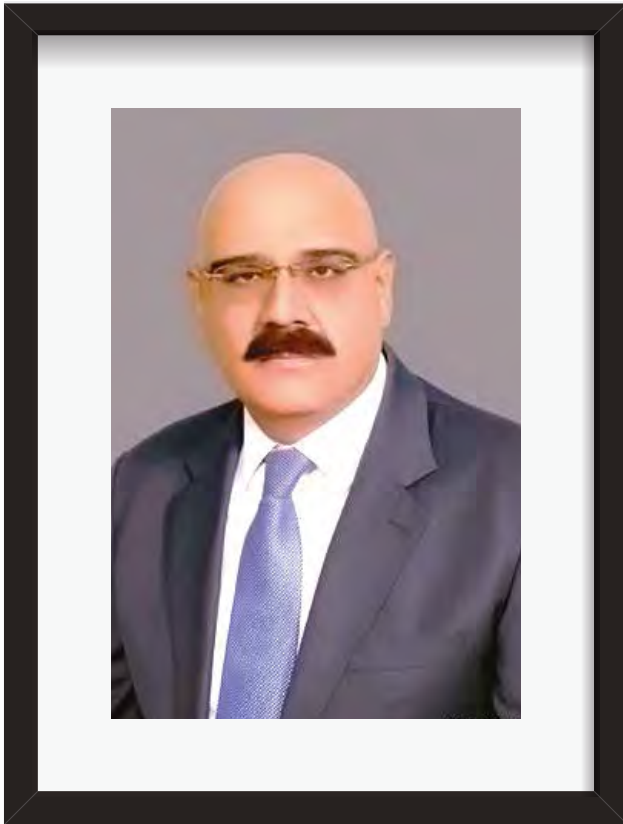


GSA	Gas Supply Agreement
GWH	Giga Watt Hour
HSFO	High Sulphur Furnace Oil
HPP	Hydropower Project
IA	Implementation Agreement
IPPs	Independent Power Producers
ICB	International Competitive Bidding
JCC	Joint Cooperation Committee
KE	K-Electric
KESC	Karachi Electric Supply Corporation
LA	Lease Agreement
LOI	Letter of 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
NPCC	National Power Control Center
NTDC	National Transmission and Despatch Company

Table of Acronyms

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
PEDO	Pakhtunkhwa Energy Development Organization
PEPCO	Pakistan Electric Power Company
PPA	Power Purchase Agreement
PG	Performance Guarantee
PMDU	Prime Minister's Performance Delivery Unit
PPP	Public Private Partnership
RLNG	Regasified Liquefied Natural Gas
SA	Shareholders Agreement
SNGPL	Sui Northern Gas Pipelines Limited
SHPP	Small Hydro Power Project
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 an immense pleasure to present the Annual Report of the Private Power and Infrastructure Board (PPIB) for the year.

I would like to state with great confidence that PPIB has been playing crucial role in materializing government commitment to bring affordable, sustainable and eco-friendly electricity; paving way for utilizing more indigenous resources with improved fuel mix of imported and indigenous resources. During the Year 2018-19, PPIB facilitated number of private power generation projects and also continued its technical assistance to Federal, Provincial/AJK, G-B Governments on policy

level issues.

We are currently administering thirty nine (39) multiple fuel based commissioned private power projects in the range of 10 MW to 1638 MW, with a cumulative gross capacity of 17,449 MW with investment of around US\$ 20 Billion. These projects have been supplying more than 50% of reliable electricity to the national grid. Further, PPIB is currently handling portfolio of twenty-four (24) new multiple fuel (coal, hydro & R-LNG) based IPPs with cumulative capacity of around 12,500 MW worth multi-billion US\$. These projects are at different stages of implementation. PPIB has been aggressively monitoring the progress of these under process projects and providing its full support to the Sponsors / project companies to ensure smooth and timely completion of their projects.

Moreover, PPIB is acting as frontrunner institution of GoP in implementing flagship CPEC initiative. The organization has been processing major chunk of Power Sector's Projects falling under CPEC program. The current portfolio of PPIB includes twelve (12) CPEC Power Projects of 10,934 MW worth more than 17.5 Billion US\$ out of which four projects of 4620MW have already been completed while remaining eight projects having cumulative capacity of 6,314 MW are at different stages of implementation. We are also processing 880 km long, 4,000 MW capacity ± 660 kV Matiari-Lahore HVDC

Foreword

Transmission Line Project with around 1.6 US\$ investment, being sponsored by a subsidiary of State Grid Corporation of China (SGCC) under CPEC framework.

During the year, PPIB has contributed towards accomplishment of momentous project(s) and some key milestones which include achievement of COD of 1,223 MW R-LNG based Balloki Project, completion of 1320 MW imported coal based project at Hub and 660 MW Thar coal based Engro Power Project at Thar Block-II. Similarly, Pakistan's first private sector transmission line project namely ± 660 kV Matiari-Lahore HVDC Transmission Line project achieved Financial Close during 2018-19.

I sincerely hope that the Annual Report 2018-19 will provide good overview of organization's achievements and key activities performed during the Year and will be a good source of information for Stakeholders including but not limited to Investors and Lenders who are interested to participate in the development of Pakistan's Power Sector.

SHAH JAHAN MIRZA
MANAGING DIRECTOR

THE BOARD OF PPIB (2018-19)

CHAIRMAN



OMAR AYUB KHAN

Federal Minister for Energy (Power Division)

MEMBERS



IRFAN ALI

Secretary, Ministry of
Energy (Power Division)



SHAH JAHAN MIRZA

MD PPIB
(Board Secretary)

MEMBERS



ARIF AHMED KHAN

Secretary, Ministry of Finance



MIAN ASAD HAYAUD DIN

Secretary, Ministry of Energy
(Petroleum Division)



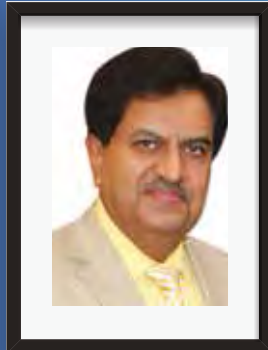
ZAFAR HASAN

Secretary Planning Division

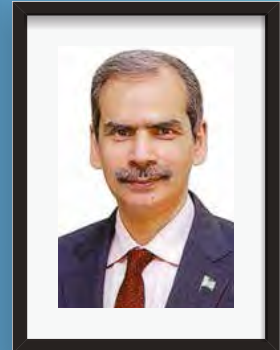
MEMBERS



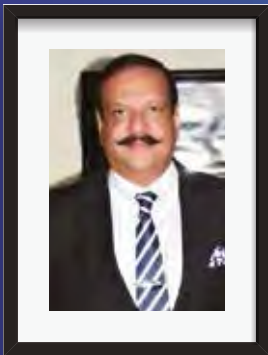
**YOUSAF NASEEM
KHOKHAR**
Chief Secretary (Punjab)



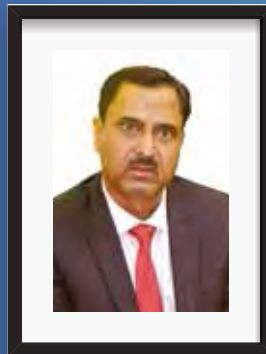
MUMTAZ ALI SHAH
Chief Secretary (Sindh)



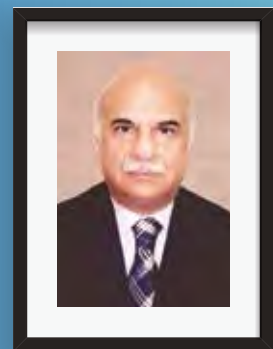
**NAVEED KAMRAN
BALOCH**
Chief Secretary (KP)



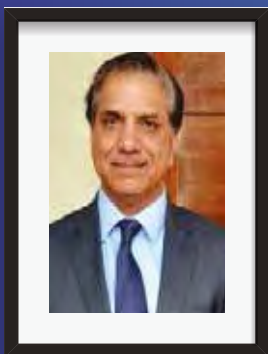
DR. MIAN WAHEED UDDIN
Chief Secretary (AJ&K)



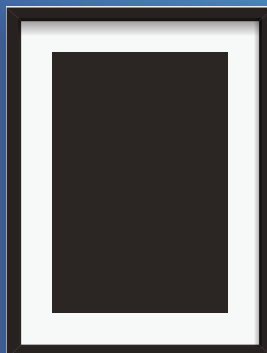
**PASSAND KHAN
BULEDI**
Secretary (Energy) - Balochistan



M. JEHANZEB KHAN
Chairman, FBR



**LT. GEN (R)
MUZAMMIL HUSSAIN**
Chairman, WAPDA



MIAN MUHAMMAD
Secretary AI&C - FATA

JOURNEY OF EXCELLENCE



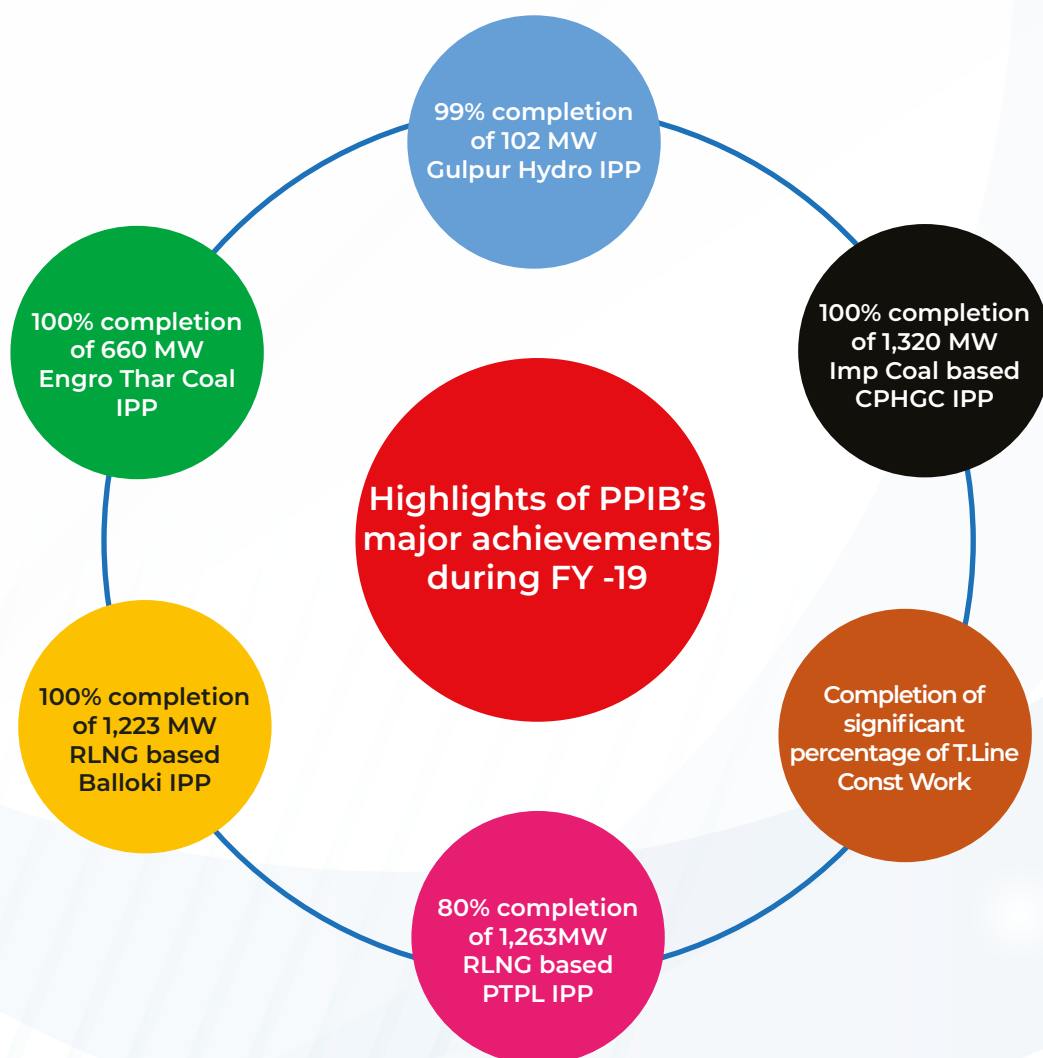
Another Year of Excellence

Another Year of Excellence

The Financial Year 2019 was another productive year for PPIB during which PPIB achieved various accomplishments in the field of power generation and transmission. As one-window facilitator on behalf of the Government of Pakistan, PPIB is responsible to promote, encourage, facilitate and safeguard private investment in power sector as mandated through the "Private Power and Infrastructure Board Act, 2012".

Over the recent years, private investments in thermal projects (including Thar coal, imported coal and RLNG), renewable energy projects (Hydro, Wind and Solar) and HVDC transmission line have played an important and decisive role in expansion and diversification of country's power sector.

CURRENT STATUS OF ADVANCE STAGE PROJECTS FY -19



PPIB is working on many fronts to combat the challenge of electricity crisis and to build power sector on sustainable footings. In this regard, FY 2019 was relatively more challenging for PPIB as majority of Thar coal and hydro based power generation projects in the portfolio of PPIB were reaching at advance stages where extensive facilitation and guidance was required round the clock and was accordingly extended by PPIB. As a result, all ongoing projects kept on progressing consistently and interruptions were dealt efficiently by PPIB which produced great results, and variety of projects based on different fuels/technologies were either completed or touched the advance stages of completion.

- Promoting indigenous coal and hydro resources for power generation
- 2 hydro IPPs of 231 MW commissioned while another 3 IPPs of 1,692 MW under construction
- Thar coal based IPP of 660 MW commissioned while another 660 MW IPP is under construction. 4 IPPs of 2,310 MW under Financial Close.
- Pakistan's first private sector Matiari-Lahore HVDC Transmission Line Project being facilitated by PPIB is under construction.

Considering short gestation periods, imported RLNG and coal based projects were processed to serve as reliable base load solution while medium to long term projects based on indigenous coal and hydro were initiated to trade off the anticipated impact on foreign exchange reserves and to meet electricity requirements of the country for a longer time. Pakistan's first private sector transmission line project is also being implemented by PPIB under the Transmission Line Policy 2015 to overcome the transmission constraints in the backdrop of upcoming numbers of megawatts.

- Sufficient, affordable and sustainable power additions by PPIB.
- So far, 39 IPPs of 17,449 MW commissioned by PPIB which constitutes approx. 50% of total installed generation capacity of country.
- 11 IPPs of 8,900 MW commissioned through PPIB during 2013-2019
- Playing lead role in implementing CPEC based power generation projects which include 12 projects of around 11,000 MW and one Transmission Line project

Pakistan's first Thar coal based 660 MW Engro Powergen Thar Limited (EPTL) successfully achieved synchronization of both of its units (330 MW each) in the months of March and April 2019 respectively. The Company has since been involved in extensive testing of both power units and till 30th June 2019, this process was at final stages of successfully completing all relevant inspections & commissioning of the plant, while the plant was well on track of achieving COD within the month of July 2019.

The Plant will utilize 3.8MTPA of coal supplied by Sindh Engro Coal Mining Company (SECMC) which is a joint venture (JV) between the Government of Sindh (GoS) and Engro Powergen (EPGL). Engro Project is included in China Pakistan Economic Corridor (CPEC), which is a key component of the Belt and Road Initiative to link China with Europe. It was developed by Engro Powergen Thar, a joint venture of Engro Powergen (EPL), China Machinery Engineering Corporation (CMEC), Habib Bank, and Liberty Mills.





Another landmark which PPIB achieved during FY-19 was declaration of the Financial Close (FC) of Pakistan's first private sector \pm 660 kV Matiari-Lahore Transmission Line Project which apart from being the first private sector project, is also the first HVDC technology equipped transmission line project of country. This mega transmission line project would transmit 4,000 megawatts of power from coal based power plants in Thar region and thermal power plants including nuclear power plants of Sindh to the northern load centers of the country. In order to ensure timely completion, the project company i.e. Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC) already initiated the construction activities in December 2018 through its equity prior to achievement of FC which was declared by PPIB on 27th February 2019.

Spread over around 900 kilometers, the transmission line assumes greater national importance as it is being developed under the framework of China-Pakistan Economic Corridor (CPEC) agreement.

The construction work of the project is going on at full swing and by the end of FY-19, considerable portion of construction work has already been completed. The project is well on track to catch the stringent timeline of March 2021 for starting its operations on commercial basis. The estimated cost of the project is US\$ 1.65 Billion while China Electric Power Equipment & Technology Co. Ltd, (CET), a subsidiary of State Grid Corporation of China (SGCC), is the main sponsor of the project.





Achievement of the COD of third RLNG based Power generation Project at Balloki, District Kasur on 29th July 2018 has been another major success story of PPIB in FY-19. The commencement of the supply of 1,223 MW electricity provided further relief to the national grid. Balloki is the second public sector power generation project sponsored by the Government of Pakistan through NPPMCL which PPIB successfully handled under the Power Generation Policy 2015 and processed it in IPP mode.

The fast track processing by PPIB is evident from the fact that all three major milestones which include LOI, LOS and FC were achieved within a short period of seven months of 2016 which greatly impacted the timelines of this project as a result, the project achieved COD within a period of twenty-seven (27) months starting from issuance of LOI. This is a highly efficient combined cycle plant and will run at a net efficiency of 61.63% which will not only help in meeting the demand of electricity, but will facilitate GoP in reducing dependence on oil based plants.

Another significant progress which PPIB demonstrated during FY-19 was completion of mega project of 1,320 MW at Hub, Balochistan. The project, being a joint venture between Hub Power Company Ltd. (HUBCO) and China Power International Holding, developed under the framework of China-Pakistan Economic Corridor was issued LOI by PPIB on 29th June 2015 while the LOS was issued on 12th April 2016.

The Project Company i.e. China Power Hub Generation Company (Pvt) Limited (CPHGC) under its proactive approach, initiated construction work before conclusion of Financial Close by utilizing its equity which helped timely completion of this project.

The project's two units achieved synchronization with the National Grid on December 28, 2018 and May 28, 2019, respectively, while the "Integrated Coal Jetty" became operational in December 2018 with the arrival of the first shipment of coal. Although the project started supplying electricity by the end of FY-19, however, formal declaration of COD by PPIB was likely to be made during July-August 2019 as various testing and inspecting activities were in progress till 30th June 2019.



During the FY-19, the 102 MW Gulpur Hydropower Project achieved 99% construction work and continued advancing under the supervision of PPIB to achieve COD by the deadline which is October 2019. The Project has the capacity of generating about 475 million units of clean, reliable and affordable electricity to the national grid which would be a great blessing for the country and apart from electricity perspective, it would have other multiple socio-economic advantages for the local population in particular. Gulpur Hydropower Project is a run of the river scheme and its site falls administratively in the Kotli District of AJ&K located about 5 km south of Kotli town on the Poonch River, a tributary of Jhelum River.

1263 MW RLNG based Power Generation Project near Trimmu Barrage, District Jhang is another landmark success which PPIB is going to achieve soon. The Government of Punjab (GoPb) is setting up this project through private limited company called Punjab Thermal Power Limited (PTPL) under the provisions of Companies Act, 2017. PPIB is processing this public sector project under IPP regime of the Power Generation Policy 2015 similar to other three RLNG based projects which include 1180 MW Bhikki Power Project, 1230 MW Haveli Bahadur Shah Power Project and 1223 MW Balloki Power Project. The plant would primarily be run on re-gasified liquefied natural gas (RLNG) whereas high-speed diesel (HSD) would be used as backup fuel.



Equity investors for the Project include renowned Korean companies namely Korea South East Power Company (KOSEP), LOTTE and DAELIM. Mira Power Limited a special purpose company has been setup by the Sponsors to design, construct, own, operate and maintain the plant under GoP's Policy for Power Generation Projects 2002. The Project entered in construction phase after achievement of Financial Close in October 2015 and has been progressing smoothly as a result of which it will soon start operating on commercial basis.

Upon successful completion, Gulpur would join the league of commissioned hydro IPPs as 3rd IPP and overall would be the 40th IPP commissioned through PPIB. With this addition the cumulative capacity of PPIB's led commissioned hydro IPPs would reach to 333 MW from 231 MW and overall 17,551 MW from 17,449 MW.

The PTPL plant is being designed, manufactured and installed for continuous operations at base load as well as at part loads. The project was issued LOI by PPIB on 26th July 2017 while LOS was issued on 26th January 2018. However, the project is facing some delays on part of non-execution of Project Agreements which include Implementation Agreement (IA), Power Purchase Agreement (PPA) and Gas Supply Agreement (GSA). Although such delays are impacting on the achievement of Financial Close, however, despite such interruptions, the GoPb has already started construction activities prior to achieving FC. As a result of this proactive approach and fast track processing by PPIB, the Project has reached at an advance stage of development with 80% of construction work completed till June 2019. The project is scheduled to be commissioned in phases; with both gas turbines expected to achieve operation in simple cycle mode during the end of 2019 whereas the plant would be commissioned in combined cycle mode by June 2020.



In addition to the above, PPIB was instrumental in achievement of following milestones during 2018-19:

- 720 MW Karot Hydropower Project achieved a major milestone when construction work on embankment/dam reservoir was started by diverting water flow from River Jhelum on 22nd September 2018. In this regard a formal ceremony was held at Project Site which was graced by Senator Shibli Faraz, Leader of the House in Senate.
- GOP-IA for development of 700 MW Azad Pattan Hydropower Project was initialed on 20th November 2018 while AJ&K-IA was initialed on 22nd February 2019.
- Tri-partite Power Purchase Agreement for development of 1,124 MW Kohala Hydropower Project was executed on 24th September 2018
- Feasibility Study of Turtonas-Uzghor Hydropower Project completed by the Sponsors and the same has also been approved by the PPIB/POE on 3rd June 2019. As a result of the Feasibility Study, the project size has been optimized from 58 MW to 82.25 MW.
- Feasibility Study for Athmuqam Hydropower Project is also completed which is expected to be approved within the month of July 2019. It is anticipated that the capacity of this project will also be increased from 350 MW to 450 MW.
- Feasibility Study Stage Tariff for 640 MW Mahl Hydropower Project was announced by NEPRA on 23rd January 2019
- Coal Supply Agreement of 330 MW Siddiqsons Thar Coal based Power Project was signed on 12th February 2019.
- NERPA announced Tariff for 300 MW Imported Coal based Gwadar Power Project on 19th December 2018. The Sponsors filed Tariff Review Petition, and tariff was re-determined on 31st May 2019.

Moving forward, PPIB is well prepared for the challenges ahead and is working towards yielding greater success in the coming years.



Private Power And Infrastructure Board's Profile

3.1 Private Power and Infrastructure Board's Profile

For attracting private sector investment in power generation and allied infrastructure projects under "one window" operation at the Federal Government level, the Government of Pakistan (GoP) created PPIB in 1994 by revamping and reorganizing the Private Power Cell of the then Ministry of Water and Power. The main function of PPIB is to act as a one stop organization on behalf of GoP in matters relating to the setting up of power projects and related infrastructure (Transmission Line) in the private sector, to grant consents on behalf of various agencies of the Government of Pakistan, to negotiate and finalize with prospective developers the Implementation Agreement, and to correspond and liaise with concerned local and international agencies for facilitating and expediting the progress of such projects. In addition, PPIB is also responsible to assist the GoP in formulating, reviewing and updating policies and procedures relating to investments in power generation and allied infrastructure.



PPIB was made a statutory organization in 2012 through Private Power and Infrastructure Board Act 2012 (Act VI of 2012). PPIB remained a one-window facilitator for the private investors for establishing IPPs and allied infrastructure in the country till 2015, however, through PPIB Amendment Act 2016, PPIB has been awarded additional mandate by the Government of Pakistan to handle power projects in the public sector under IPP regime. Over the period of time, PPIB has developed itself into a mature and reliable institution by achieving numerous laurels under its multi-faceted role.

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

- Recommend and facilitate development of power policies;
- consult the concerned Provincial Government, prior to taking a decision to construct or cause to be constructed a hydroelectric power station in any Province and to take decisions on matters pertaining to power projects set up by private sector or through public private partnership and other issues pertaining thereto;
- coordinate with the Provincial Governments, local governments, Government of Azad Jammu and Kashmir (AJ and K) and regulatory bodies in implementation of the power policies, if so required;
- coordinate and facilitate the sponsors in obtaining consents and licences from various agencies of the Federal Government, Provincial Governments, local governments and Government of AJ and K;
- work in close coordination with power sector entities and play its due role in implementing power projects in private Sector or through public private partnership or for public sector power projects as per power system requirements;
- function as a one-stop organization on behalf of the Federal Government and its Ministries, Departments and agencies in relation to private power companies, sponsors, lenders and whenever necessary or appropriate, other interested persons;
- draft, negotiate and enter into security package documents or agreements and guarantee the contractual obligations of entities under the power policies;
- execute, administer and monitor contracts;
- prescribe and receive fees and charges for processing applications and deposit and disburse or utilize the same, if required;
- obtain from sponsors or private power companies, as the case may be, security instruments and encash or return them, as deemed appropriate;

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

3.2 Organogram

The Chief Executive Officer of PPIB is the Managing Director who is appointed by the Government of Pakistan. The Managing Director is also the Secretary of the Board, and heads five distinct sections which are as follows:

- Projects Section

Deals with the matters related to processing and implementation of power generation projects based on Hydel and Thermal technologies (including Coal & RLNG) and transmission line projects in the private as well as public sector under the applicable power policies of the GoP. This Section also administers the IPPs commissioned through PPIB under various policy frameworks.

- Legal Section

Deals with all legal affairs of the PPIB and also the Security Package Agreements of the commissioned as well as upcoming IPPs.

- HR & IT Section

This Section deals with the Human Resource, Information Technology and Administrative matters of PPIB. Also coordinates with all other Sections for managing day to day affairs of PPIB.

- Finance & Policy Section

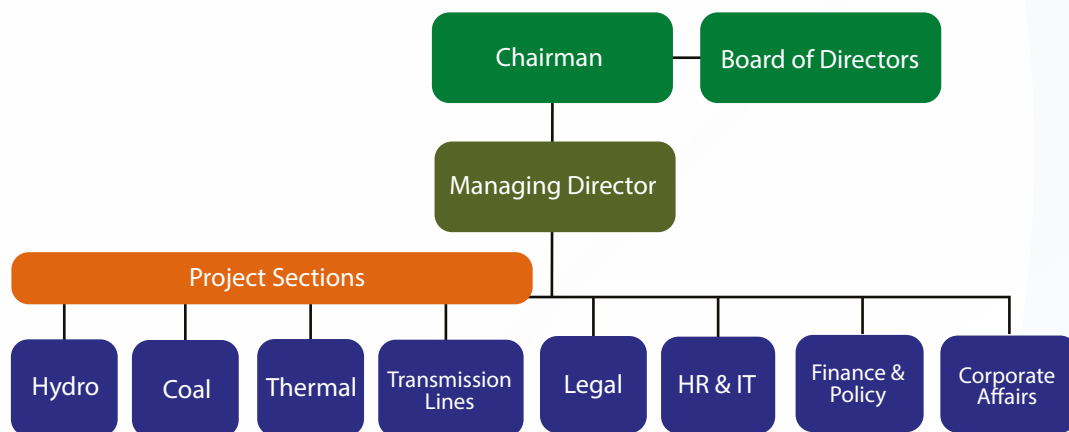
This Section is responsible for Financial and Policy matters of PPIB, looking after all aspects of Project Financing, this Section is also responsible for internal accounts and finance of PPIB.

- Corporate Affairs Section

This Section deals with the Corporate Affairs of the PPIB. Conducting Board meetings, handling Pakistan Citizen's Portal of Prime Minister's performance Delivery Unit (PMDU), ECC / CCOE, CCI and Cabinet Decisions are major functions of this Section.

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 arising

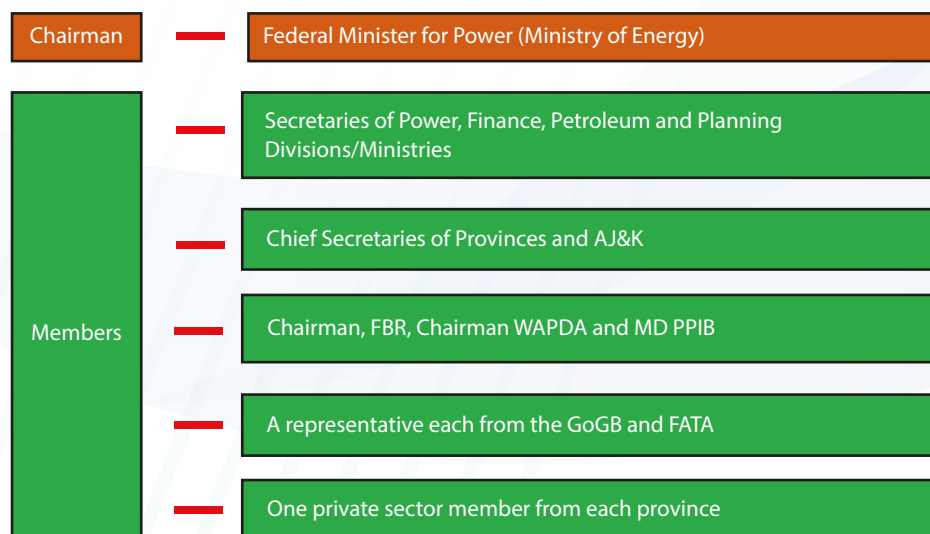
while administering the Security Documents comprising of, inter alia, Implementation Agreement(s), Power Purchase Agreement(s), Fuel Supply Agreement(s), Water Use Licence(s), Shareholders Agreement(s), Lease Agreement(s) Tripartite Agreement(s) etc, in dealing with international organizations and multinational companies. Functional organogram of PPIB is as follows:



3.3 Board of Directors:

Head by the Federal Minister of Power Division as Chairman, the Board of PPIB is represented by highest level officials from economic ministries, which include Secretaries from Power Division, Petroleum Division, Ministry of Finance and Planning Division, plus the Chiefs of Federal Board of Revenue (FBR), WAPDA and Chief Secretaries of Provinces and AJ&K. For maintaining a healthy balance,

the Board also has the representation of Gilgit Baltistan and FATA in the decision making process while acknowledging significant amount of share in the current power generation capacity of country, private sector has also been made part of the Board by having one private sector member from each Province. While being a member of the Board, the Managing Director PPIB is also the Secretary of the Board. Composition of the Board as provided vide PPIB Act 2012 is as follows:



Through collective intellect, the Board provides strategic direction to PPIB by granting consents, guidance, roadmap and way forward towards performing various functions in accordance with the mandate of PPIB and in the light of PPIB Act 2012 to ensure that PPIB achieves its goals and objectives efficiently.

3.4 Committees of the Board

Audit and Finance Committee

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

Human Resource Committee

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

3.5 Management Team

- Mr. Shah Jahan Mirza, Managing Director
- Mr. Sami Rafi Siddiqui, Senior Executive Director HR & IT
- Dr. Munawar Iqbal Kamboh, Director Projects Hydro
- Mr. Ali Nawaz, Director Projects Coal
- Mr. Nadeem Ahmad, Director Projects Thermal
- Mr. Safeer Ahmed, Director Finance & Policy
- Mr. Adil Sharif, Director Legal
- Mr. Khalid Umar, Director HR
- Mir Adil Hameed, Director Projects Transmission Lines
- Mr. Faisal Riaz, Director Corporate Affairs

3.6 PPIB Office

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

3.7 Main Bankers

- Habib Bank Limited
- Meezan Bank Limited

3.8 Auditors

Riaz Ahmed and Company, Chartered Accountants



PPIB A Key Player of Power Sector

PPIB – A Key Player of Power Sector

Electricity is considered to be a backbone of economy and plays crucial role in socio-economic development. Throughout the world, with the passage of time, as rapid development and technological innovation has taken place the utilization of energy resources has also mounted. Similarly, in Pakistan, the demand for energy has been increased steadily while on the other hand available resources are either depleting or remained untapped.

In Pakistan, electricity is among the most used energy resources. It is used for various purposes in residential, industrial, commercial, and agricultural sectors. Pakistan's primary energy mix comprises of natural gas, oil, hydropower, wind, solar, coal and nuclear energy.

Over the last decade Pakistan has been facing severe electricity supply shortages, causing forced power outages ranging from 8 to 12 hours a day in urban areas and up to 18 hours in rural areas. Major causes behind the increasing gap between supply and demand include increase in electricity demand on one hand due to industrial as well as population growth, depleting energy resources such as natural gas, insufficient tapping of indigenous and renewable resources, technical and administrative losses which include pilferage of electricity, transmission and distribution losses due to old and overburdened transmission system, inadequate recoveries and financial constraints.



Oil Based Power Projects



Imported/Local Coal Based Power Projects



Gas/RLNG Power Projects



Hydel Power Projects



Solar Power Projects



Wind Power Projects



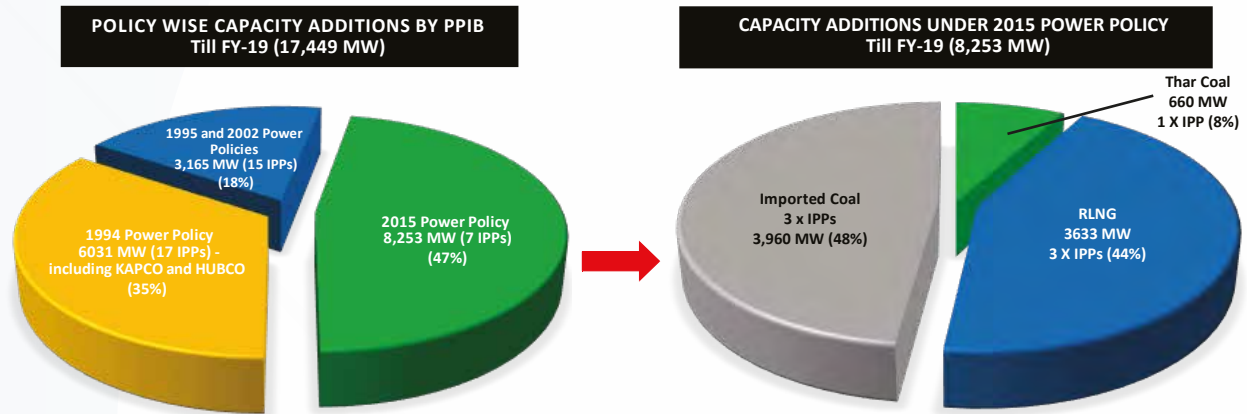
Nuclear Power Projects



Transmission Projects

Furthermore, generation side had been getting more focus than transmission and distribution side, which was not a sustainable approach. To avoid the problems caused by repeated cycles of power shortages, surpluses and mismatches in the development of various components of supply chain affecting the socio-economic development of the country, sustainable development of power system is being pursued by the GoP through integrated planning for optimal, affordable and secure development of the power sector.

PPIB has always been a leading force of the GoP in implementing various drives under different policy frameworks announced from time to time to cater for electricity requirements. PPIB has so far, managed to attract around US\$ 20 billion Foreign Direct Investment through completion of thirty nine (39) IPPs of 17,449 MW. Map at Appendix-I marks the location-wise presence of commissioned and ongoing IPPs in the country while policy-wise breakup of IPPs completed by PPIB is given in the image on the following page:



Inductions of more than 8,000 MW within a short period of 3-4 years provided significant relief to the energy sector and also contributed towards improvement of energy mix as projects completed under 2015 Power Policy are based on Thar coal, RLNG and imported coal. The fast track processing of

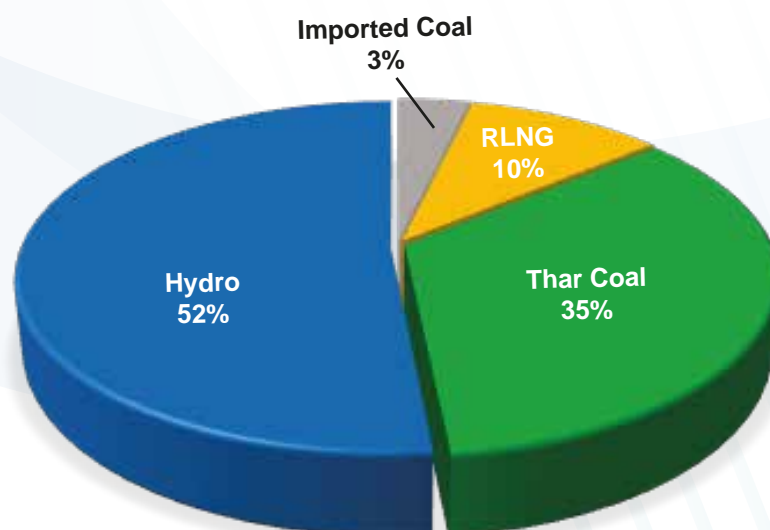
projects by PPIB is evident from the fact that during 1994-2012, PPIB attracted twenty eight (28) IPPs of 8,550 MW while during 2013-2019 PPIB has managed to complete eleven (11) IPPs of 8,900 MW which are based on hydro, Thar coal, RLNG/Natural/Low Btu Gas, and Imported Coal.

Fuel Mix Achieved by PPIB During 2013-2019*					
8,899MW	Hydro	Thar Coal	Natural /Low Btu Gas	RLNG	Imported Coal
	231	660	415	3,633	3,960

* Including projects completed and synchronized.

Moreover, future additions planned by PPIB are also chiefly based on indigenous hydro and Thar coal which will contribute towards further developing the energy-mix on preferred fuels/technologies:

UPCOMING CAPACITY ADDITIONS - 12,427 MW

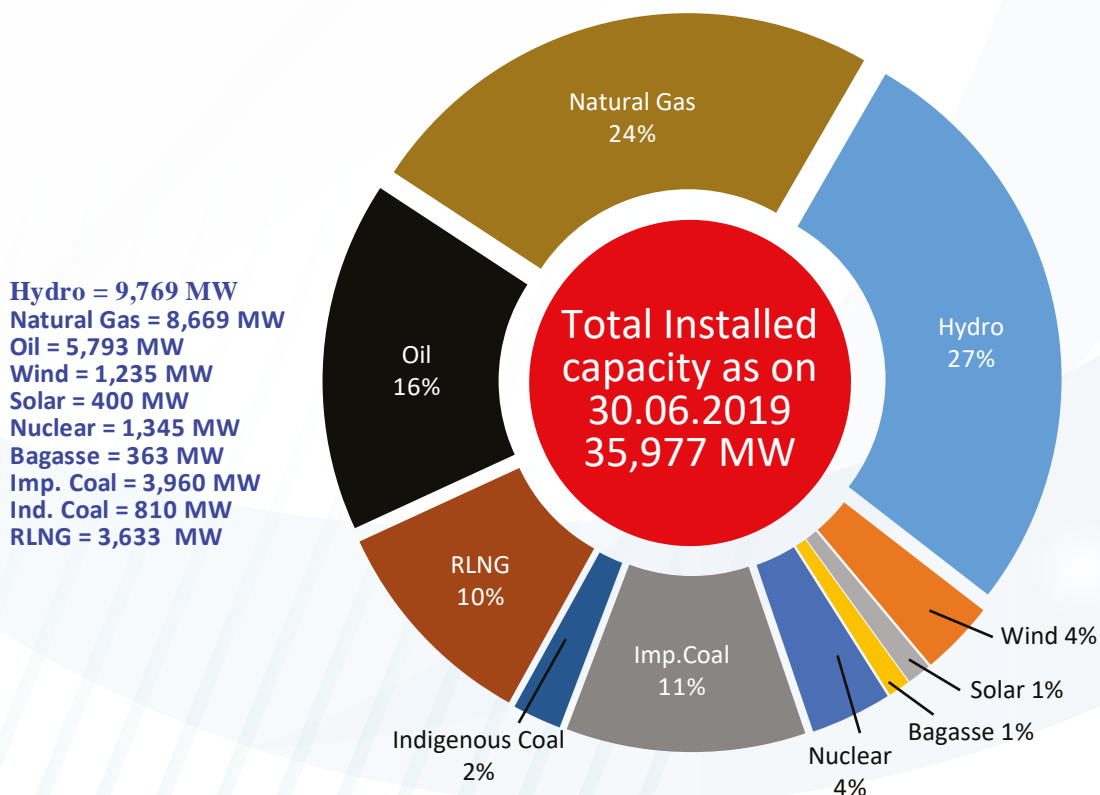


For adequately achieving balance in the energy base, the GoP has adopted integrated power sector planning approach. This approach includes accurately forecasting demand, adding generation capacity, improving transmission and distribution systems, bringing costs down and ensuring sustainability. For the first time, comprehensive planning has been conducted in Pakistan in the form of the IGCEP, which includes expansion planning studies that will be updated annually in order to retain accuracy in the wake of changing dynamics. The aim of the IGCEP is to optimize energy generation and to ensure that adequate generation is added at a least-cost basis to meet future energy demands. PPIB being one of the key players of the Power Sector has been instrumental in expeditiously implementing GoP power policies and providing an effective and efficient interface between IPPs and GoP. PPIB is promoting indigenous coal and hydro potential under the vision of the GoP which broadly revolves around the principles of availability, reliability, sustainability, less burden on finite resources, low cost and efficiency.

The efforts of the GoP in developing Power Sector further supplemented with the announcement of CPEC wherein majority of the projects agreed were based on Thar coal and Hydro alongwith imported coal which were primarily planned to serve as base load solution till the Thar Coal and Hydro plants are ready to start generation. In addition to CPEC framework, RLNG plants were also conceived by the GoP involving shorter gestation period as base load solution.

Share of private sector in the overall energy mix of country has been increased substantially after induction of thousands of megawatts from PPIB within a short period of 3-4 years. Combination of Imported fuels which includes RLNG and Coal alongwith indigenous Thar Coal as well as Hydro and with zero involvement of oil would largely contribute towards improving the energy mix in future. Latest picture of the Pakistan's energy-mix till FY-2019 is as follows:

Energy Mix of Pakistan - 2019 (Excluding K-Electric)

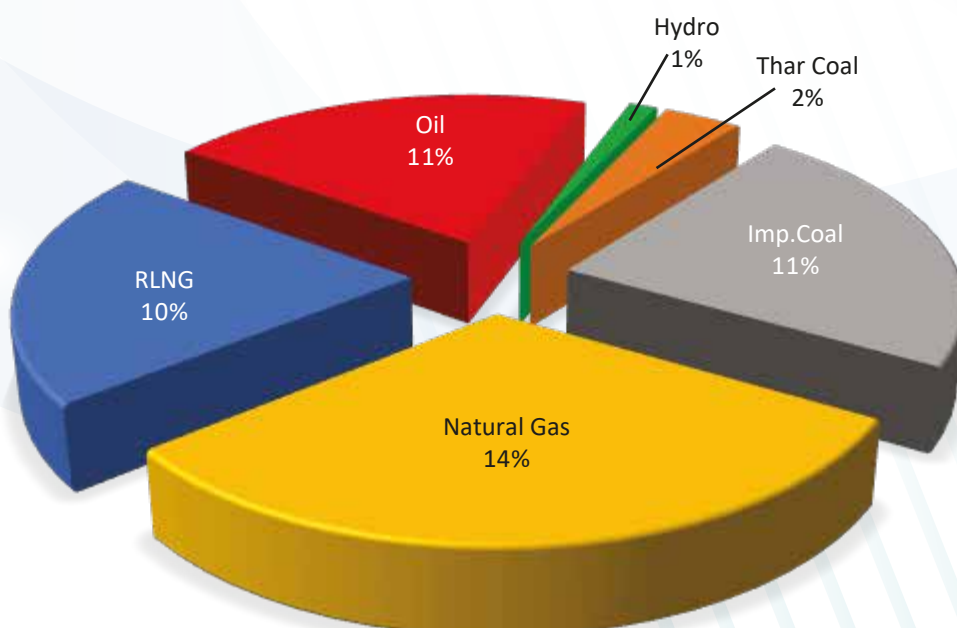


PPIB being a pioneer department of the GoP has unfolded various unaddressed chapters of the power sector which inter-alia include;

- PPIB implemented IPPs program of the GoP as envisioned in 1994 under the Power Policy 1994 and introduced private capital of multibillion US Dollars in the power sector of Pakistan. Later on, PPIB handled 2002 Power Policy quite effectively and now implementing Power Generation Policy 2015.
- PPIB has the distinction of materializing Pakistan and AJ&K's first Hydro IPP of 84 MW in 2013, later another Hydro IPP of 147 MW also completed.
- Similarly, Pakistan's first Thar Coal based IPP of 660 MW has also been processed and implemented by PPIB under Power Generation Policy 2015.
- RLNG is another new fuel for power sector and PPIB has so far materialized three mega RLNG based projects of 3,633 MW while another project of 1,263 MW is about to be completed soon. These RLNG based projects were exclusively processed by PPIB under the IPP regime of the Power Generation Policy 2015.
- PPIB maintained its exclusiveness by introducing private capital in the Transmission Line Sector of Pakistan as well. Under this initiative, PPIB is processing a mega project covering the distance of approximately 900 kilometers between Matiari (Sindh) and Lahore (Punjab). This project is not only the first private sector transmission line project but it would also be Pakistan's first HVDC technology equipped project.
- PPIB is processing major chunk of CPEC energy chapter comprising twelve power generation projects of around 11,000 MW and one Transmission Line Project having cumulative investment outlay of approximately US\$ 20 billion.
- PPIB is also geared up to process small hydropower projects upto 50 MW generation capacity under Tripartite Letter of Support regime of Power Generation Policy 2015.

Since its inception, PPIB has been instrumental in enhancing electricity generation capacities in the country. Under the dynamic and investor friendly policies of the Government of Pakistan, with PPIB's indefatigable efforts resulted in addition of half of generation capacities till end of FY-19, resultantly giving it a unique stature among all the organizations in Pakistan's Power Sector.

Contribution of IPPs in installed capacity of Pakistan - 2019 (Commissioned through PPIB)



Breakup of Fuels / Technologies						
17,449 MW	Hydro	Thar Coal	Natural/Low Btu Gas	RLNG	Imported Coal	Oil
	231	660	4,972	3,633	3,960	3,993

In addition to above, PPIB has been extensively involved in preparation of Policy frameworks / guidelines, security documents etc. from time to time following world's best practices for offering certain incentives, concessions and ease for the investors interested in power sector of Pakistan:

– **Formulation of Policies / Guidelines**

- o Power Generation Policy 2015
- o Policy Framework for Private Sector Transmission Line Projects, 2015
- o National Power Policy 2013
- o Policy for Power Generation Projects 2002
- o National Policy for Power Co-Generation by Sugar Industries and Guidelines for Investors, 2008
- o Guidelines for Determination of IPPs Tariff
- o Guidelines for Setting Up of Private Power Projects Under Short Term Capacity Addition Initiative, 2010.
- o Procedure for development of Private Power Projects under Upfront Tariff Regime

– **Preparation and finalization of Security Packages**

- o R-LNG based Power Projects
- o Coal based Power Projects
- o Transmission Line Projects
- o Supplemental Agreement for CPEC Projects
- o Small Hydro IPPs (under preparation)

– **Preparation of Upfront Tariff(s)**

- o Imported & Local Coal based Power Projects
- o Gas/RFO based Power Projects
- o HVDC Transmission Line Project

The rich experience in dealing with sponsors and their respective lenders hailing from all over the world has given PPIB a unique foresight and vision. PPIB has published comprehensive reports on hydropower potential/resources of Pakistan as well as Pakistan's Coalfield power generation potential which are serving as major source of information / reference for policy makers as well as investors for developing future IPPs.

Key Reports and Guidelines Published by PPIB

- Hydropower Resources / Potential of Pakistan
- Pakistan Coal Power Generation Potential
- Thar Coalfield Sindh, Pakistan and Pakistan's Thar Coal Power Generation Potential.

Meetings of the Board

Meetings of the Board

During the financial year 2018-19, six 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 key decisions taken during 118-123rd meetings of the Board are as follows:

118th Meeting held on 23rd July 2018



Agenda Item	Board Decision
Approval for PPIB's Provisional Operating Budget for FY 2018-19 based on the FY 2017-18 Budget	Board approved the provisional Budget of PPIB for three months starting from 1st July 2018 equal to the amount of actual expenses incurred during the first quarter of last financial year (2017-18).

119th Meeting held on 31st October 2018



Agenda Item	Board Decision
Presentation by MD – Update on Progress of PPIB	<ul style="list-style-type: none"> i) PPIB shall upload necessary data on its web portal providing all the necessary details of various projects, so that potential investors can examine the proposals for possible investments in current and future power generation projects. ii) PPIB shall prepare a detailed project processing flow chart providing number of days for completing each step vis-a-vis its requirements. iii) PPIB shall also prepare a bar chart showing year-wise capacity addition for various projects being processed by PPIB.
Approval of the Draft Minutes of 116th, 117th and 118th Board Meetings	<ul style="list-style-type: none"> i) The Draft Minutes of the 116th, 117th, and 118th Meetings were approved by the Board. ii) PPIB should start the hiring process for appointment of an independent Board Secretary through competitive advertisement process. iii) In future, Board meetings of PPIB may be convened at 11:00 a.m. on the last Monday of every month; a manageable number of agenda items, preferably four to five (4-5), should be presented for consideration of the Board. iv) To clear the present backlog of agenda items, Board Meeting may be convened fortnightly
Approval of PPIB Budget for FY 2018-19	Board approved PPIB's Annual Operating Budget and Capital Expenditure Budget.

120th Meeting held on 14th November 2018



330 MW Thar Coal Power Project at Thar Block-II, Sindh by Thar Energy Ltd. – Extension in FC Date	Board granted six (6) months extension to Thar Energy Limited (TEL) for achievement of FC upto 8th March 2019 to facilitate project development, subject to signing of the amendment to the PPA to include the provision for payment of proportionate Transmission Service Charges (TSC) for the unutilized power evacuation capacity of the ± 660 kV Matiari-Lahore HVDC Transmission Line project.
Extension in Financial Closing Dates of three (3) Mine Mouth Thar Coal Power Projects	<p>i) If ThalNova Power Thar (Pvt.) Limited (TNTPL), Thar Coal Block-I Power Generation Company (Pvt.) Ltd. (TCB-I), and Siddiqsons Energy Limited (SEL) are willing to pick up the proportionate Transmission Service Charges (TSC) payable by NTDC to the ± 660 kV Matiari-Lahore HVDC Transmission Line Company under the TSA for the unutilized power evacuation capacity in case of failure to achieve their respective CODs under the LOS, they should be granted the requested extension in FC date. However, in case any of the three companies are not willing to pay such LDs (TSC), the Committee consisting of MD PPIB, CEO CPPA-G and MD NTDC should negotiate with such company or companies and recommendation regarding way forward should be presented for consideration of the Board.</p> <p>ii) Board further advised that in the meantime, if required, extended Bank Guarantees from the relevant companies may be obtained.</p>
Extension in the Letter of Intent (LOI) of Athmuqam Hydropower Project	<p>i) The Board approved extension in the LOI for the 350 MW Athmuqam Hydropower Project for a period of six (6) months to facilitate project development starting from the date when E-flow requirements and clearance for the project will be conveyed by GOAJK / EPA AJK; subject to extension in the validity of the PG upto three (3) months beyond the validity of the LOI.</p> <p>ii) The Board further directed that in future, clearance from the relevant agencies may be obtained prior to processing of projects that are planned to be located close to the LOC and other sensitive areas.</p>
Extension in FC Date of 1263.2 MW R-LNG Based Independent Power Generation Project	Board granted extension in the Financial Closing date of M/s Punjab Thermal Power (Pvt.) Limited (PTPL) for a period of nine (9) months i.e. upto 24th April 2019 to facilitate Project development.

Processing of Ashkot Hydropower Project forwarded by Government of AJ&K	<ul style="list-style-type: none"> i) Board allowed PPIB to accept transfer of the Ashkot Hydropower Project for further processing by PPIB under the Policy for Power Generation Projects 2002; ii) Board further allowed PPIB to evaluate the technical and financial credentials of the Project Company / sponsors and place the recommendation for consideration of the Board prior to issuance of LOI.
Advertisement of Rajdhani, Sehra, and Neckeherdim-Paur Hydropower Projects	<ul style="list-style-type: none"> i) The three Hydropower Projects, i.e. 132 MW Rajdhani, 130 MW Sehra and 80 MW Neckeherdim-Paur will be advertised after finalization of the demand-supply study; ii) The Board directed NTDCL, CPPA-G, PPIB, all Provinces, AJ&K and Gilgit-Baltistan to meet at the earliest for identifying and prioritizing individual projects, and prepare an integrated ranking list of projects; while keeping in view the current and future power evacuation plans. NTDCL would organize and lead the meeting. The outcome of the meeting would then be shared / discussed with the Task Force on Energy for finalizing the demand-supply projections. The finalized integrated ranking list of projects would then be presented for consideration / approval of the Board.
Financial Close (FC) of ± 660 kV Matiari-Lahore HVDC Transmission Line Project: Partial Land Acquisition	The Board allowed PPIB to declare FC of the ± 660 kV Matiari-Lahore HVDC Transmission Line Project on the basis of partial acquisition of land by NTDCL and its handing over to the Company in line with the Land Lease and Right-of-Way Agreement (LLA) signed between NTDCL and the Company; subject to fulfilment of other prerequisites of LOS and IA by the Company.
CPK1039 – Technical Assistance to PPIB by Agence Francaise De Development (AFD)	Board granted approval for signing of the Project Agreement by PPIB with AFD for the grant of 500,000 Euro based on the agreed template attached with the Working Paper.
545 MW Kaigah Hydropower Project	Board directed PPIB to terminate the rights and interests of the Sponsors in relation to development of 545 MW Kaigah Hydropower Project and, accordingly, a Notice of Termination will be issued to the Sponsors immediately. Board further directed that the Project be cancelled citing cogent reasons on strong legal basis in the termination letter.

121st Meeting held on 11th December 2018



Agenda Item	Board Decision
300 MW Imported Coal Power Project at Gwadar – Extension in Letter of Intent (LOI)	<ul style="list-style-type: none"> i) Board suggested that GoBalochistan may hold a meeting with M/s China Communication Construction Company Limited (CCCC) for better understanding of the Project scheme, current issues being faced by the Project Company and way forward for earliest completion of the 300 MW imported coal Gwadar Project; ii) Board, while considering that the delays are on part of Government entities and non-achievement of specified milestones under the Letter of Intent (LOI) is not attributable to the Project Company, approved nine (9) months extension in the LOI up to 25th August 2019; subject to payment of the LOI extension fee and extension in the validity of PG for a period not less than three (3) months beyond the extended LOI.
Extension In LOS / FC Date of ± 660 Kv HVDC Matiari– Lahore Transmission Line Project	<p>Board approved deadline for Financial Closing (FC) Date upto 28th February 2019 under the Letter of Support (LOS) issued to Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC); subject to fulfilment of the following conditions / requirements:</p> <ul style="list-style-type: none"> i) The target COD shall remain intact and PMLTC shall achieve RCOD by 1st March 2021; ii) PMLTC shall submit Performance Guarantee (PG) in double the original amount of earlier submitted PG with validity of three (3) months beyond the revised FC Date, i.e. till 28th May 2019; iii) PMLTC shall submit non-refundable LOS extension fee to PPIB; iv) PMLTC shall submit a report to PPIB of the additional actions being undertaken to achieve FC on or prior to the revised FC Date; the Company shall further submit monthly reports that set out, in adequate detail, the additional actions taken by it and the progress achieved in this regard.

Approval of the Audited Accounts for the Year ended 30th June 2017	<ul style="list-style-type: none"> i) Board advised that the matter of observance of provincial and other employment quotas by PPIB be considered by the HR Committee, and its recommendations be put up for consideration / approval of the Board. ii) Board approved PPIB's Audited Accounts along with the Auditors' Letter to the Board Members for the year ended 30th June 2017, as recommended by the Audit & Finance Committee, and authorized MD PPIB and the Member / representative from Finance Division to sign the audited accounts.
TORs of the Audit and Finance Committee	Board approved the draft TORs of the Audit & Finance Committee of the Board as contained in the Working Paper; in line with the recommendations of the Audit & Finance Committee in its 1st meeting held on 26th October 2018.
Recommendations of the Human Resource Committee of the Board of PPIB	Board considered the recommendations of the HR Committee regarding creation of new positions for Board Secretary, Deputy Manager and PS, and approved the new position of only Board Secretary in PPIB scale EG-V, for the time being. The Board further directed to initiate the process of hiring of Board Secretary and authorized the HR Committee to finalize the process of selection and put up its recommendations to the Board.

122nd Meeting held on 19th February 2019



Coordination and Indemnity Agreement between the Federal Government and the Government of Sindh

Power Division will make a formal written request and hold meeting with the GoSindh to reconsider its position in respect of the Coordination and Indemnity Agreement (C&IA), while the concerns of the Provincial Government would be addressed by providing reasoning for signing of the C&IA by the GoSindh.

Processing of Small Hydropower Projects earlier Initiated by the Provinces and AJ&K

- a) Board considered the proposal regarding processing of Small Hydropower Projects initiated by the Provincial / AJ&K governments and decided that all such hydropower projects including projects referred by provinces/AJK/GB shall be processed by PPIB at Federal level.
- b) Board also approved the following criteria for further processing of the small hydropower projects by PPIB under Power Generation Policy 2015 and any subsequent Policies replacing the 2015 Policy:
 - i) NEPRA has determined/approved the tariff and in case NEPRAs tariff approval is more than one year old, a fresh tariff / revalidation of tariff from NEPRA will be required before issuance of TLOS;

- ii) NOC for power evacuation and grid interconnection has been obtained from NTDC and/or DISCO, as applicable;
 - iii) CPPAG-L's consent for purchase of power has been obtained; and
 - iv) Other requirements under the Power Generation Policy 2015 and Facilitation Agreement executed between PPIB and respective province/AJ&K have been completed e.g submission of Performance Guarantee, payment of applicable fee etc.
- c) The Board further advised to update the list of Hydropower projects, detailing the dates of achievement of each major milestone (i.e., Tariff determination / approval by NEPRA, NOC from CPPAG-L, consent for power purchase and estimated COD) and projects meeting the approved criteria should be presented for approval of the Board before issuance of TLOS.

Extension in Letter of Support for Achievement of FC of 1124 MW Kohala Hydropower Project

Board granted extension in the Financial Closing (FC) date under the LOS for twelve (12) months (i.e. up to 31st December 2019) to accommodate remaining pre-requisites of FC of Kohala Hydropower Project on the basis of single PG as the reasons of delay in achievement of FC were beyond the reasonable control of the Project Company, subject to the condition that the Project Company will not be entitled to claim any additional cost from NEPRA on account of the extension in FC date under the LOS and payment of applicable LOS extension fee to PPIB.

150 MW Imported Coal Based Power Project by M/s Grange Power Limited (GPL)

In view of the pending decision with regard to encashment of PG in the Civil Court Lahore, Board deferred the decision in the matter for the time being.

Amendment to the IA of Siddiqsons Energy Limited

Board approved the draft Amendment to the IA, providing therein substitution of the definition of Generation Licence for execution by MD PPIB with M/s Siddiqsons Energy Limited.

No-Objection to Working Capital Facility for Hydropower Projects

Board did not agree to the proposal for providing NOC for Working Capital Facility for Laraib Energy Limited and other Hydropower projects. Board further directed that the matter related to the overdue receivables of Laraib Energy Limited, from the Power Purchaser / CPPA would be resolved at the Ministry level.

Approval of Standard Drafts in pursuance of Novation of PPAs between IPPs, WAPDA / NTDC & CPPAGL

Board directed PPIB to present a comparative matrix between the previously approved amendment drafts and the new drafts. Board also directed the Management of PPIB to confirm that these amendments will not result in any increase in the liabilities or obligations of the GOP and are well within the room for change provided by the ECC while approving the standard security documents or any other approval of a competent forum.

330 MW Thar Coal Power Project by Siddiqsons Energy Limited – Extension in FC Date

Board granted six months extension in the Financial Closing date i.e. upto 31st August 2019 for facilitating project development; subject to fulfilment of other pre-requisites and payment of requisite fee to PPIB and providing assurance in the shape of an undertaking that Siddiqsons Energy Limited (SEL) will not claim, request, or agitate for any extension in the COD date in future on the basis of the aforesaid extension in the Financial Closing date.

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

Board granted six months extension in the Financial Closing date i.e. upto 8th September 2019, for facilitating project development; subject to fulfilment of other pre-requisites and payment of requisite fee to PPIB and providing assurance in the shape of an undertaking that Thar Energy Limited (TEL) will not claim, request, or agitate for any extension in the COD date in future on the basis of the aforesaid extension in the Financial Closing date.

123rd Meeting held on 6th May 2019



Agenda Item

Extension in FC date of 1263.2 MW R-LNG based IPP near Trimmu Barrage District Jhang, Punjab

Board Decision

Board granted extension in the Financial Closing Date of 1263.2 MW R-LNG based Independent Power Generation Project near Trimmu Barrage, District Jhang, Punjab by Punjab Thermal Power (Pvt.) Limited (PTPL) for a period of six (6) months i.e. up to 24th October 2019 for facilitating project development; subject to submission of applicable fee and extended Performance Guarantee (valid up to 24th January 2020) by PTPL.

150 MW Coal Imported Based Power Project By M/s Grange Power Limited

- a) Board decided that PPIB should hold a meeting with the Project Sponsors in order to convince them to switch from imported coal to some other environment-friendly fuel such as solar, bagasse, CSP, etc.; the outcome of the meeting may subsequently be presented for consideration of the Board.
- b) Board further directed that in order to keep the security instrument intact, the Sponsors be advised to extend their existing Performance Guarantee for another six (6) months.

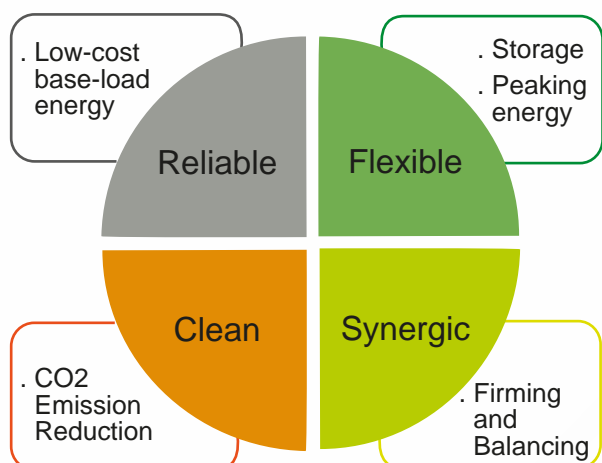
<p>1,320 MW Thar Coal Power Project by M/s. Thar Coal Block-1 Power Generation Company (Pvt) Limited (TCB-1) - Extension in Financial Closing Date</p>	<ul style="list-style-type: none"> a) Board granted six months extension to Thar Coal Block-1 Power Generation Company (Pvt.) Limited (TCB-1) in the FC Date, i.e. up to 20th October 2019, for facilitating project development; subject to no change in the COD, extension in the validity of the PG by at least three (3) months beyond the extended FC date and payment of applicable fee to PPIB b) Board advised PPIB to write a letter to GoSindh (Secretary Energy GoSindh); for expediting the activities relating to Water Allocation and Water Usage Agreement and provide details, in consultation with stakeholders, regarding LDs involved under the existing contracts; in case of delay / default on the part of GoSindh under the Land Lease and Water Use Agreement.
<p>1,320 MW Oracle Coal Power Project at Thar Block-VI by Thar Electricity (Pvt.) Ltd.</p>	<ul style="list-style-type: none"> a) Being a priority project of CPEC, Board granted approval for issuance of NTP and LOI to the 1,320 MW Oracle Coal Power Project at Thar Block-VI by Thar Electricity (Pvt.) Ltd subject to fulfilment of prerequisites under the Policy. The LOI may be issued for the longer time (more than nine months) so that the remaining issues of power evacuation, power purchase and COD timelines be resolved in the context of demand-supply projections. b) Board advised that a meeting of stakeholders (PPIB, GoSindh, CPPA, NTDC and Project Sponsors) be convened immediately, so that the timelines relating to power evacuation and project COD be finalized in the context of demand-supply scenario of the country.
<p>Processing of Small Hydropower Projects Initiated by the Provinces and AJ&K</p>	<ul style="list-style-type: none"> a) Board approved issuance of Tripartite Letter of Support (TLOS) and further processing of 7.08 MW Riali-II and 8 MW Kathai-II Hydropower Projects under the Power Generation Policy 2015, while the other Small Hydropower Projects (SHPPs) under Category-II to V would be considered in the next Board Meeting. b) Board further advised CPPA, being the Power Purchaser, to submit a comprehensive report on the current status and way forward for further processing of all SHPPs included in Category-II to V, in the next Board Meeting, taking into consideration the submission / recommendations of the Working Paper.

Implementation of Hydropower IPPs

Energy Security demands expansion, diversification and localization of energy sources for a sustainable energy system. To have sustainable energy, an increased access to modern forms of energy is required to foster development and curb natural resource degradation. Hydropower is one of the

important renewable energy resources for generating electricity, decarbonising the power system and improving system flexibility. Though, the hydropower is a mature technology and expected to remain the world's largest source of renewable electricity generation, yet it continues to evolve. Hydropower projects besides electricity, deliver a range of benefits to society and the environment. Over and above electricity generation, power-related benefits include flexible generation and storage, as well as reduced dependence on fossil fuels and avoidance of pollutants. In addition, hydropower projects promote economic development, create employment and improve livelihoods. Such projects deliver investment in tourism and recreation, while boosting national macroeconomic growth and opportunities for trade. Communities also benefit from safely managed water for homes, industry, agriculture, flood and drought mitigation. Thus, a hydropower project designed and built for power generation will often find multiple other uses over its long lifetime.

Types of Hydropower Benefits

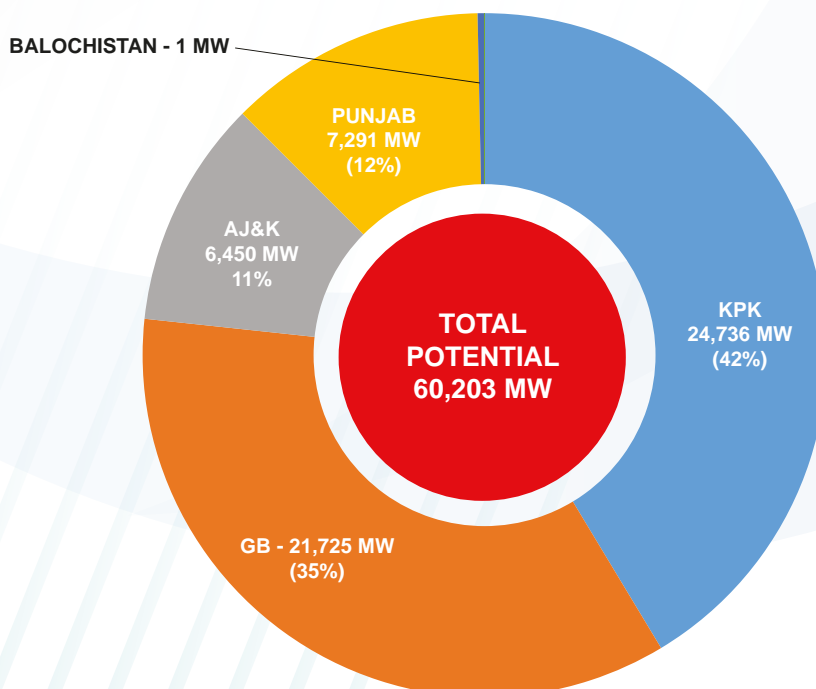


The hydropower resources in Pakistan are mainly located in the mountainous areas in northern region of the Country. The hydropower resources in the south being scarce mainly comprise of small to medium schemes on barrages and canal falls. Hydropower

resources of Pakistan can be divided into following six regions:

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

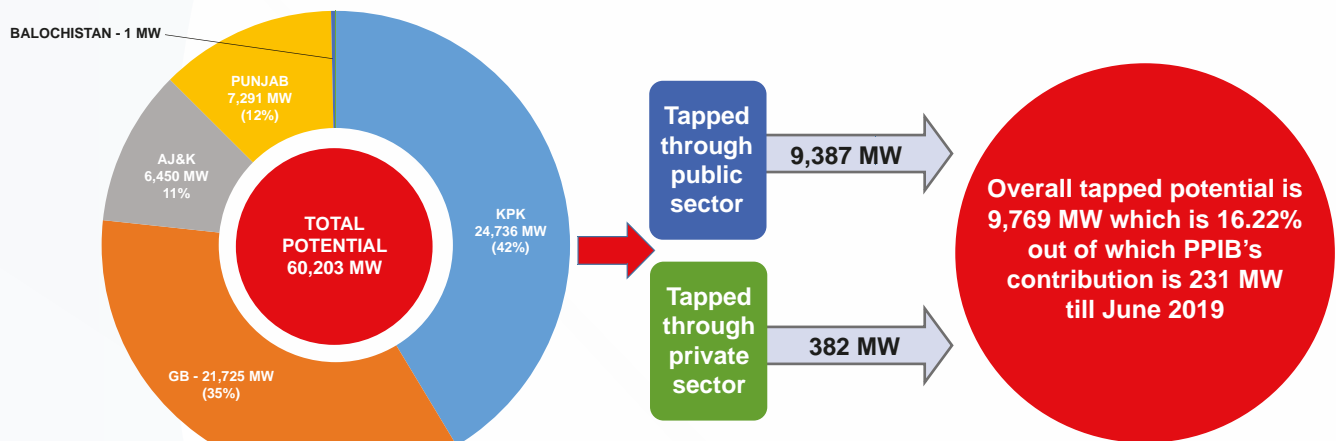
HYDROPOWER POTENTIAL OF PAKISTAN



So far 9769 MW have been tapped out of an identified hydropower potential of 60,000 MW in Pakistan which is 16.2% wherein contribution of public sector in the

said growth is 9,387 MW while private sector share comes to 382 MW:

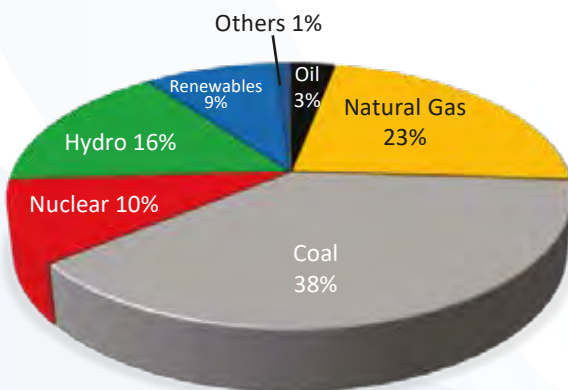
HYDROPOWER POTENTIAL VS TAPPED MEGAWATTS



Globally hydropower generation holds 16% share in overall energy mix. Comparison of global energy mix with Pakistan's is illustrated in the below images which

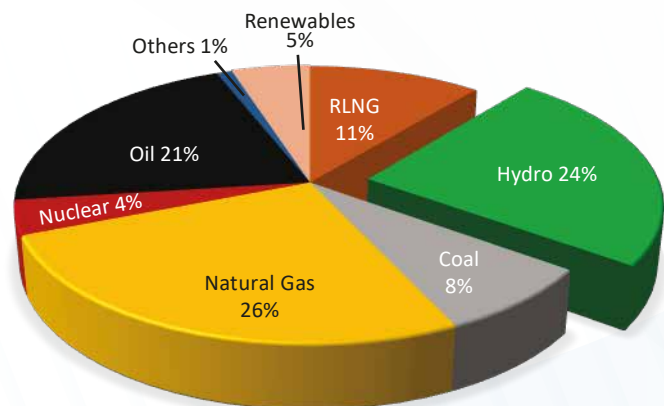
details the percentage of each of the major power sources contributed to electricity generation in 2018:

GLOBAL ENERGY MIX - 2018



Source: BP Statistical Review of World Energy 2019

PAKISTAN ENERGY MIX - 2018



Source: Nepra State of Industry Report 2018

As per the above comparison, it can be opined that Pakistan has been successful in improving hydropower share in overall energy mix during FY 2019 by securing 27% share, while in the FY 2018, hydropower share was 24% as compared to global share of 16%. In the coming years, substantial increase can be projected with the addition of various

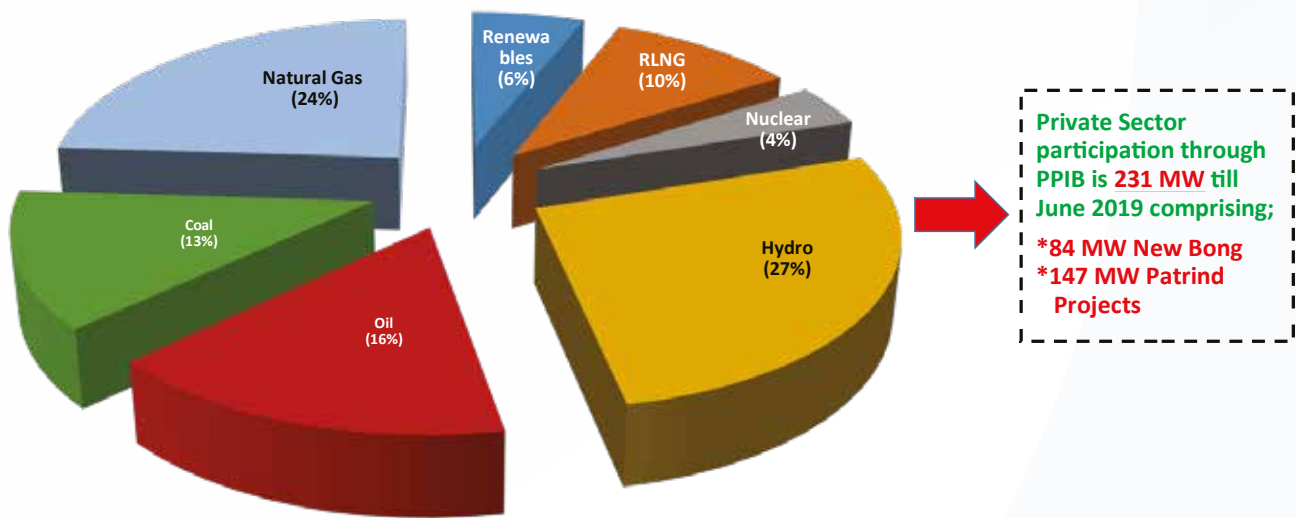
ongoing projects of 6,411 MW cumulative power generation capacity in the private sector. Power projects which are under process in public sector which include Dasu, Diamer-Basha and Mohmand will further improve the hydropower share in the energy mix.

Some hydropower projects are lined-up to be initiated by PPIB in accordance with the IGCEP 2018-40 which represents the first complete iteration of an integrated planning exercise for the power sector of the country and will be revised every year on the basis of ground realities including growth trajectory, consumption patterns and completion or delays in projects to ensure regulatory compliance.

For long term power requirements, the government plans to keep focusing on least cost generation options and harnessing indigenous resources,

particularly the Thar coal, renewable in south and hydro potential in the north. PPIB is going to undertake another challenging task of processing small hydropower projects being initiated by the Provinces, AJ&K/GB under Tripartite Letter of Support (TLOS) regime of the Power Generation Policy 2015 which will further contribute in fueling the national grid with clean and green hydroelectricity. The current share of private sector in hydropower growth is depicted as follows:

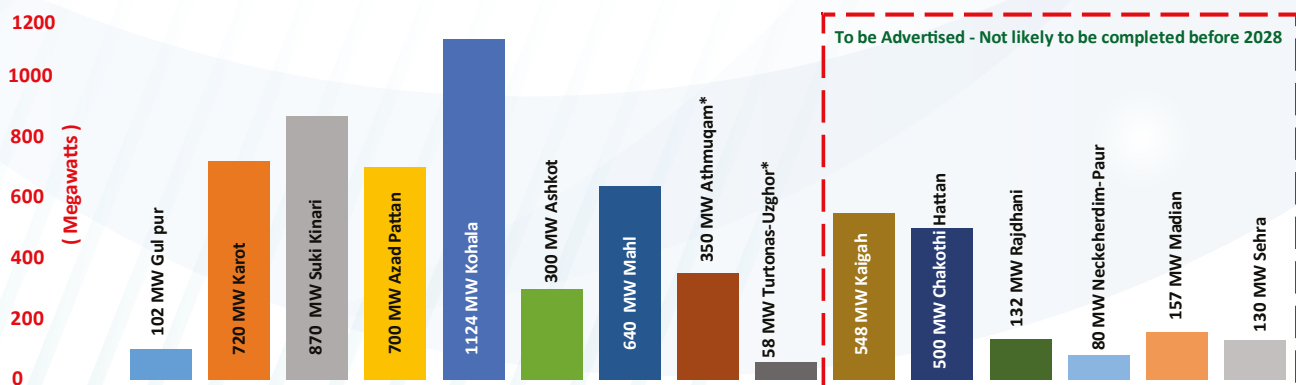
PPIB's CONTRIBUTION IN HYDROPOWER DEVELOPMENT



The current portfolio of hydropower projects being processed by PPIB includes projects ranging from 58 MW to 1,124 MW of generation capacity which are

located in Khyber Pakhtunkhawa, AJ&K and Punjab. Detail of current assignments of PPIB in the area of private hydropower generation is as follows:

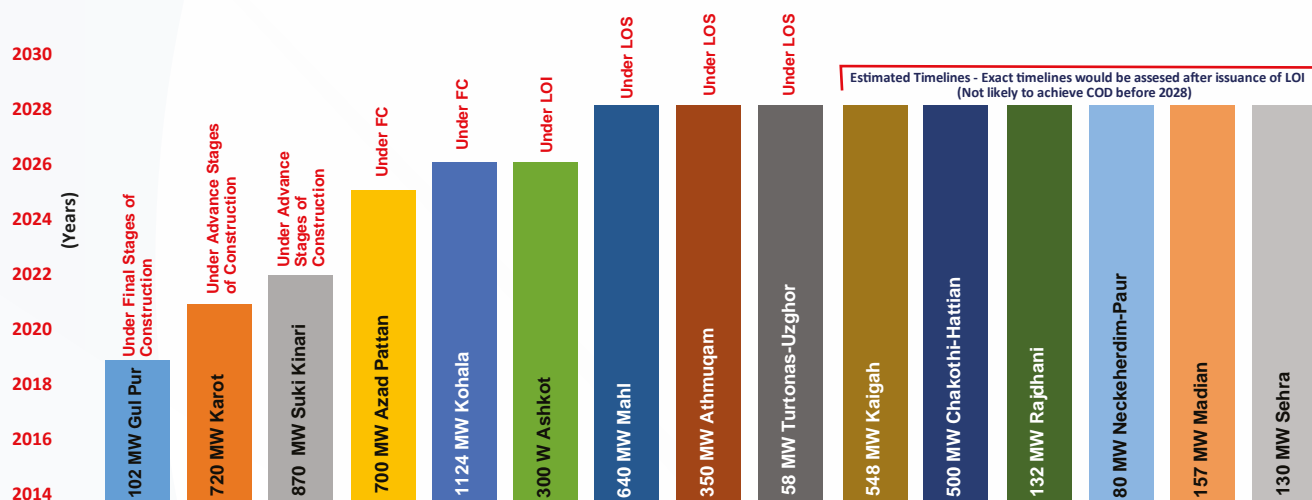
PORTFOLIO OF ONGOING PRIVATE HYDROPOWER PROJECTS - PPIB



* As a result of Feasibility Study, the project size of 58 MW Turtonas-Uzghor HPP has been increased to 82.25 MW. Similarly, project size of 350 MW Athmuqam is also expected to be increased to 450 MW as per Feasibility Study which is at final stages.

The ongoing hydropower projects being processed by PPIB in the private sector are lined up to be completed during 2019-2028 as per following breakup:

TARGETED TIMELINES OF ONGING PRIVATE HYDRO IPPs - PPIB

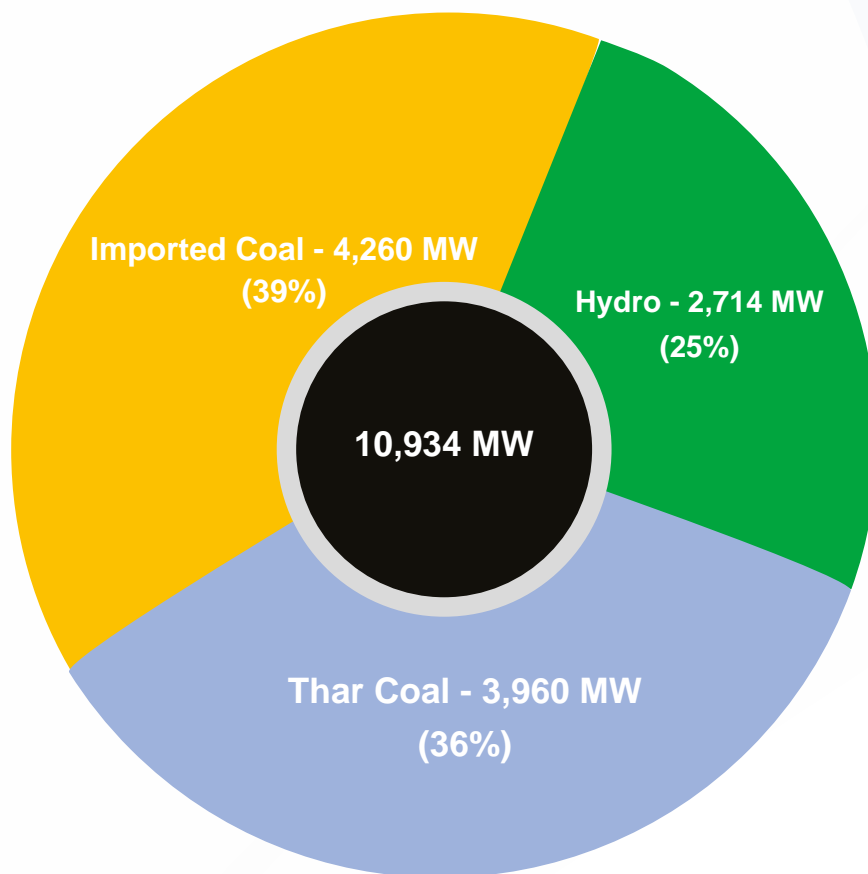


PPIB is actively handling the energy chapter of CPEC and in this regard, alongside coal and transmission line projects, processing three major hydropower projects. These projects include Pakistan's largest private sector 1,124 MW Kohala Hydropower Project. It is being developed on Jehlum River in the AJ&K. Kohala Project has already achieved considerable progress and currently on the track to achieve Financial Close.

The other two projects which include 720 MW Karot on Jehlum River, AJ&K/Punjab and 870 MW Suki Kinari on Kunhar River, KP are under advance stages of construction and well on track to achieve COD by December 2021 and December 2022 respectively. Portfolio of CPEC based hydropower projects currently being handled by PPIB is as follows:

Project Name	River & Location	MW	Investment US\$ (Million)	Current Status
Karot	Jhelum River, Distt. Rawalpindi, Punjab	720	1,698	Under construction. Project is well on track to be commissioned by December 2021
Suki Kinari	Kunhar River, Mansehra, KP	870	1,956	Under construction. Set to achieve COD by December 2022.
Kohala	Jhelum River/ Kohala, AJ&K	1,124	2,355	Under Financial Closing. Project is targeted to be on line by June 2026
Total		2,714	6,009	

The hydropower projects have captured significant space in the fleet of CPEC based energy projects. The below image briefly illustrates the energy mix committed under the CPEC framework:



As a result of PPIB's active support, expert facilitation and sound progress monitoring mechanism, majority of the projects have progressed satisfactorily during 2018-19. Various IPPs have succeeded in accomplishing critical milestones which include but not limited to achievement of different pre-requisites for completion of Feasibility Studies, issuance of LOI/LOS, determination of Tariff, Generation Licenses, getting NOCs from respective environmental protection agencies, signing of security package agreements (PPA, WUA, FSA), Implementation Agreements, Direct Implementation Agreements, Supplemental Implementation Agreements, land acquisition, dealing with security issues, achievement of Financial Close etc. PPIB also keeps strong monitoring eye on post financial close phase and construction progress is observed and monitored through seeking monthly progress reports from IPPs and also through regular site visits. It is a globally established fact that hydropower projects are characterized with a variety of technical and economic constraints and bottlenecks. These include

hydrological risks, resettlement, land acquisition and environmental issues, longer development and construction period, seasonal reduction and variation in generation capacity and financing problems etc. However, despite such challenges and hardships, significant attention is being given to address these impediments both at federal as well as provincial levels for harnessing maximum potential and PPIB as a key department of the GoP is playing lead role in this regard. It is a matter of great honour for Pakistan that out of the top 20 countries which installed new hydro capacity during 2018, Pakistan, with the new installed capacity of 2,487 MW, has been ranked 3rd, just behind China and Brazil which are ranked 1st and 2nd respectively in the list, as declared by the International Hydropower Association (IHA) in its recently issued report titled "2019: Hydropower Status Report – Sector Trends and Insights". This progress advocates that Pakistan is well on track of joining the club of those countries which are enjoying healthy energy-mix, as a result, getting multiple benefits of sustainable and reliable energy sector.

COUNTRY WISE NEW INSTALLED CAPACITY (MW) - 2018



The list of ongoing hydropower projects being implemented by PPIB is as follows and the status of each IPP is given on the forthcoming pages:

S.No.	Project Name	Capacity (MW)
1.	Gulpur	102
2.	Karot	720
3.	Suki Kinari	870
4.	Kohala	1,124
5.	Azad Pattan	700
6.	Mahl	640
7.	Athmuqam	350
8.	Turtonas-Uzghor	58
9.	Ashkot	300
10.	*Kaigah	548
11.	* Chakothi-Hattian	500
12.	* Rajdhani	132
13.	* Neckeherdim-Paur	80
14.	* Madian	157
15.	* Sehra	130
Total (MW)		6,411

* To be advertised

102 MW Gulpur Hydropower Project on Poonch River, AJ&K by Mira Power Limited



This Project is located on River Poonch in District Koli, AJ&K and its development under Policy for Power Generation Projects 2002 is being sponsored by renowned Korean Investors KOEN, DAELIM & LOTTE alongwith debt financing by renowned lenders KEXIM, ADB, IFC. The Project proponents achieved Financial Closing on 30th October 2015. Mira Power Limited, a subsidiary of Korea South East Power Company Limited has been set up as a Special Purpose Company to design, construct, own and operate the plant. The Project is being developed at a Foreign Direct Investment outlay of around US\$ 320 million.

The construction period of this 102 MW Run of River Project is four years. By the end of this fiscal year construction works at site progressed from 63% to 88%. The Project is scheduled to be commissioned by end of October 2019. After commissioning the plant will inject about 475 Million clean, reliable and affordable units of electricity annually to the national grid.

The Project is being undertaken on a Build, Own, Operate and Transfer (BOOT) basis for a period of thirty years starting from the commercial operation date, after which it will be transferred to the Government of Azad Jammu and Kashmir at a notional price of Re. 1. The Project will open new era of development in the AJ&K. Like any typical run of river hydropower project, Gulpur Project will also be beneficial in creating employment opportunities for local population which will help in raising their living standards. Creation of reservoir will open the area for tourism which will again be economically beneficial for the local communities. Creation of an impoundment of relatively shallow depth will also be beneficial for promoting fishery activities. The project company is fulfilling its Corporate Social Responsibility by investing in building schools for boys and girls, a major bridge connecting the area with the city of Kotli and training the locals with respect to biodiversity conservation.

720 MW Karot Hydropower Project on Jhelum River at the dual boundary of District Rawalpindi (Punjab) and District Kotli (AJ&K) by China Three Gorges South Asia Investment Ltd.



The Karot Hydropower Project is a 720 MW run of river project which is being built on River Jhelum under the provisions of Power Generation Policy 2002. It is a dual boundary project located between District Rawalpindi Punjab and District Kotli, AJ&K. It is being developed by M/s Karot Power Company (KPCL), a special purpose vehicle in which China Three Gorges South Asia Investment (CSAIL) holds a majority share. CSAIL was established by China's state-owned China Three Gorges Corporation's (CTGC) overseas intermediary, China Three Gorges Investments; while CTGC was founded to build Three Gorges Project, the world's biggest hydroelectric power plant, at 22.5GW capacity in China. Karot Project will bring Foreign Investment of around US\$ 1700 Million to the country and it is being financed through Debt Equity ratio of 80:20%. The foreign lenders for Karot include Asian Development Bank (ADB), Islamic Development Bank (IDB), International Finance Corporation (IFC), PROPARGO of France while the local lenders include Habib Bank Limited (HBL) and National Bank of Pakistan (NBP).

Karot Project is included in Prioritized List of China Pakistan Economic Corridor (CPEC) Projects, and is one of the large hydro IPPs in Pakistan.

This Project has the capacity to produce 3249 GWh of energy per annum for a 30 year power purchase agreement which will be sufficient to power approximately seven million households. Karot Power company will operate the plant for a period of 30 years following which the ownership will be transferred to the Government of Pakistan. 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. The Project entered in construction phase after achievement of Financial Closing on 22nd February 2017. Construction activities at site are going at full pace as a result, so far 59% construction work has been completed. The Plant is well on track and advancing satisfactorily. Efforts are being made by PPIB to complete the Project by targeted schedule of December 2021. The plant will be interconnected with the national grid by means of a 5 km long, 500 kV transmission line. Karot Project beside providing much needed clean, green and affordable power will also create enormous economic activities and employment opportunities for the people of their respective areas and will also entail improvement of the basic infrastructure in the vicinity and will be helpful in the poverty alleviation of the people of the remote areas adjacent to the plant.

870 MW Suki Kinari Hydropower Project on Kunhar River, District Mansehra, Khyber Pakhtunkhwa by China Gezhouba Group Company



Suki Kinari is an 870 MW run of river hydropower project being developed in Kaghan Valley, Mansehra District, Pakistan with an investment outlay of approximately US\$ 1800 million. China Gezhouba Group holds majority stake of 98%, while M/s Haseeb Khan (Pvt) Limited (Pakistan) holds the remaining share. The Project is being financed through a combination of debt and equity at a ratio of 75:25. The Export-Import Bank of China, and Industrial and Commercial Bank of China (ICBC) are debt providers.

This is the first hydro power project in Khyber Pakhtunkhwa Province being developed by the private sector and so far the largest hydro IPP in Pakistan which has achieved Financial Close and initiated construction work. To be monitored and supported jointly by the governments of China and Pakistan, the project is one of the highest priority early harvest projects within the China-Pakistan Economic Corridor (CPEC).

The construction activities at the site of project have already commenced and the project is expected to start injecting 3129 GWh million clean, reliable and affordable units of electricity each year to the national grid by 2022. During the life of the project, the Government of Khyber Pakhtunkhwa will receive a significant amount of Rs. 1.3 Billion per annum as water use charges, while after thirty (30) years of operations on Build-Own-Operate-Transfer (BOOT) basis under the Power Policy 2002, the Project will be transferred to the Government of Khyber Pakhtunkhwa. Project will be constructed in a period of six year, whereas, so far, 35% construction work has been completed and efforts are being made to complete this Project by December 2022.

Establishment of this project will also be instrumental in generating economic activities as well as creating employment opportunities for the people of the area and will also entail improvement of the basic infrastructure in the vicinity which will be helpful in the poverty alleviation of the people.

1,124 MW Kohala Hydropower Project on Jhelum River, AJ&K by China South Asia Investment Limited



This 1124 MW run of river Kohala Hydropower Project has been listed as the “Actively Promoted Project” in the China-Pakistan Economic Corridor. It is located on River Jhelum in AJ&K with weir site in District Jhelum Valley and power house site in District Muzaffarabad. This project is so far the largest green field project of the country and the largest Foreign Direct Investment of more than US\$ 2,400 million as well. Upon completion, this mega project would be able to generate more than 5,000 GWh energy to the national grid on yearly basis.

M/s Kohala Hydro Company (Pvt.) Limited (KHCL) has been incorporated in 2015 for executing the Kohala Hydropower Project. KHCL belongs to China Three Gorges South Asia Investment Ltd., a company established in 2011. The shareholders of China Three Gorges South Asia Investment Ltd., include China Three Gorges Corporation – CTG, a world leader in hydropower development (with 70 percent) – the Silk Road Fund (with 15 percent) and International Finance Corporation (with 15 percent). The lenders on board are China Development Bank and Habib Bank Pakistan. The China Three Gorges South Asia Investment is involved in multiple CPEC projects, such as the Three Gorges Second and Third Wind Farm and the Karot Hydro Power Plant.

The Project is being processed by PPIB on Build, Own, Operate and Transfer (BOOT) model under the Power Generation Policy 2002 and at the end of the term, will be transferred to the Government of Azad Jammu and Kashmir.

On 31st December 2015 PPIB issued Letter of Support (LOS) to Kohala Hydro Company Private Limited for achievement of Financial Close extended upto 31st December 2019. During this fiscal year TPPA was initiated and EPC tariff review motion was decided by NEPRA. Certain issues like minimum environmental flow affected the progress whereby land acquisition process was halted and construction of preliminary works stopped at site. The Prime Minister of Pakistan took notice of this issue and efforts were made to resolve it amicably.

In addition to its national importance and interests, thousands of job opportunities to local people will be provided during the construction period of not less than 5 years, Water use charges and taxes will be a huge and steady income for GoAJ&K and an elaborated Community Investment Plan would certainly lead the way in nurturing a vibrant society. Realizing the importance of this Project, PPIB is making efforts to bring it online by June 2026.

700 MW Azad Pattan Hydropower Project on Jhelum River, AJ&K by China Gezhouba Group Company Limited



700 MW Azad-Pattan Hydropower Project is a run of the river hydropower project located on River Jhelum on dual boundary of AJ&K and Punjab having capability to add clean, reliable and affordable 3.265 Billion units of electricity per year to the national grid. The Project is located very close to the load center and will be connected to the national grid through 500 kV transmission line. Azad Pattan HPP is one of the cascade projects planned by the GoP on River Jhelum comprising (from upstream to downstream) 1124 MW Kohala, 640 MW Mahal, 700 MW Azad Pattan and 720 MW Karot . The shares in the Project are owned eighty percent (80%) by the China Gezhouba Group Co., Ltd. through its investment companies and twenty percent (20%) by the Laraib Group. M/s Azad Pattan Power Private Limited has been incorporated on 27th July 2006, under the Companies Ordinance 1984 to finance, construct, own, operate and transfer the Project.

The Project is being developed under the Policy for Power Generation 2002 on Build-Own-Operate-Transfer (BOOT) basis, whereby it would be transferred to the Government of AJ&K free of cost at the end of a 30-year concession term.

During operation and maintenance of the Project, the Government of AJ&K/Punjab will receive approximately Rs.1500 Million every year on account of water use charges which would be shared equally between GoAJ&K and Punjab. After transfer of the Project to AJ&K, the GoPunjab will receive full amount of water use charges.

PPIB on 30th June 2016 issued Letter of Support (LOS) to Azad-Pattan Power Private Limited for achievement of Financial Closing extended up to 31st December 2020. During this fiscal year, GOPIA, AJKIA and AJKWUA were initialed, and finalization of tri-partite PPA and Punjab WUA progressed substantially. Moreover EPC tariff review motion was decided by NEPRA. The TPPA negotiation faced issues whose resolution took considerable time. Efforts are being made by PPIB to bring this valuable project online by June 2025.

The 700 MW Project will be helpful in mitigating the power shortages, add much needed hydropower capacity and contribute towards the energy security of the country.

640 Mahl Hydropower Project on Jhelum River, AJ&K by China Three Gorges South Asia Investment Limited



The 640 MW Mahl Hydropower Project is located at about 5 km upstream of the confluence of Mahl Nullah and Jhelum River. Jhelum River forms the boundary between the Pakistani provinces of Punjab and Khyber Pakhtunkhwa (KP), and Azad Jammu and Kashmir (AJ&K). The Project falls within both provinces of Pakistan as well as AJ&K. Under the Policy for Power Generation Projects 2002, the Mahl Project is being sponsored by the investment arms of China Three Gorges Corporation including China Three Gorges South Asia Investment Limited (CSAIL), the main sponsors and China Three Gorges International Corporation (CTGI). Other shareholders of the Project include the International Finance Corporation (IFC) and Silk Road Fund (SRF). Mahl Power Company Limited (MPCL), a subsidiary of China Three Gorges International Corporation (CTGI) has been incorporated to execute this project.

The Project is being developed on Build-Own-Operate-Transfer (BOOT) basis, and after end of a 30 year concession term it would be transferred to the Government of AJ&K free of cost.

This is a Run-of-River Hydropower Project which is being set up at an estimated cost of US\$ 1000 million and expected to start commercial operations by June 2028. The local population of the area will start reaping the benefits from the project in the form of availability of jobs, construction and upgradation of facilities including access roads, paths, water supply schemes, health facilities, establishment of public parks, community centers, skill development of local communities, institutions and organizations etc. Upon completion, it will generate clean, reliable and affordable electricity, while the province/AJ&K will earn millions of rupees on account of water use charges during the term of its operations.

During this fiscal year NEPRA decided feasibility study (stage-1) tariff however company filed review motion which was admitted by NEPRA and hearing was conducted. The process for obtaining NOCs of environment protection agencies is in progress. Every effort is being made by PPIB to complete this project of national importance within the stipulated timelines.

350 MW Athmuqam Hydropower Project on Neelum River, AJ&K by Korea Hydro and Nuclear Company



The 350 MW raw-Site Athmuqam Hydropower Project is identified to be located on river Neelum (in the river stretch from Ashkot up to Dudhnial), AJ&K, in accordance with the provisions of Power Generation Policy 2015. A consortium of Korean investors comprising Korea Hydro & Nuclear Power Co, Limited (KHNP), DEALIM Industrial Co, Limited (DAELIM) and LOTTE Engineering & Construction Co, Limited (LOTTE) is collectively sponsoring this project. KHNP, the main sponsor having 67% shares is a subsidiary of Korea Electric Power Corporation. The Company owns and operates nuclear, conventional hydropower, pumped-storage hydropower, fuel cell, solar and wind power generating facilities.

Athmuqam is a run of river project which is being implemented by PPIB on Build, Own, Operate and Transfer model in which the consortium will operate and maintain the plant for 30 years and then transfer its rights to the Government of Azad Jammu and Kashmir free of cost.

PPIB issued Letter of Intent to Athmuqam Project on 30th March 2017 after which the company was required to conduct feasibility study of the Project.

The feasibility study of the project is at final stages of completion and it is anticipated that in the light of feasibility study, the generation capacity of Athmuqam Project would increase from 350 MW to 450 MW and said increase will also reflect in the Foreign Direct Investment of the Project which would jump to around US\$ 1300 Million under Debt Equity ratio of 75:25%. The issues like water levels conflict and minimum environmental flow (E-Flow) were resolved. The feasibility study is expected to be completed and approved by PPIB during second half of 2019 after which sponsors would be required to get Tariff Determination from NEPRA through CPPA-G, being an AJ&K project.

The project is expected to start injecting energy equivalent to around 1900 GWh each year to the national grid by December 2028. Athmuqam project, besides providing jobs to local people as well as economic and social uplift to the area will provide clean-reliable-affordable electricity to the national grid thus would save millions of dollars every year in terms of fuel imports. Further, GoAJ&K will receive millions of rupees on account of water use charges during the term of project operations

82 MW Turtonas-Uzghor Hydropower Project on Golen Gol River, Chitral, KP by Sinohydro-Sachal Consortium



The Turtonas-Uzghor hydropower project is a Raw Site run of river scheme identified to be located on River Golen Gol which is a left bank tributary of Mastuj River. It joins with Mastuj River about 22 km north-east of Chitral Town, KP. The identified weir site on Golen Gol is approx. 11 km upstream of Golen Gol. The power house site is proposed on right bank of Golan Gol River near Uzghor Village. The powerhouse site is located north-east of Chitral Town at a distance of about 33 km.

PPIB on 20th March 2017 issued Letter of Intent to a consortium comprising Sinohydro Corporation, China and Sachal Engineering Works (Pvt.) Limited Pakistan for development of project under Power Generation Policy 2015. After issuance of LOI, the sponsors of the Project were required to conduct feasibility study which has been accordingly done and same has been finalized as well as approved by the PPIB/POE on 3rd June 2019.

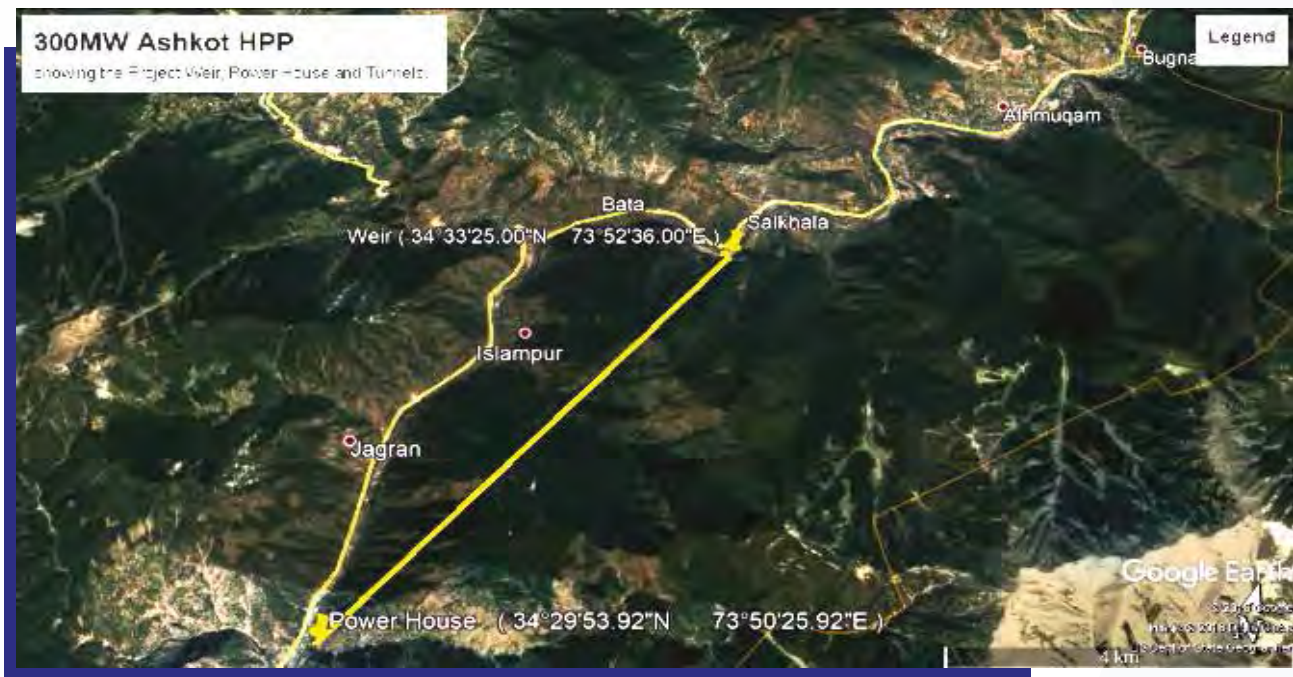
In the light of approved Feasibility Study, the project size has been increased from 58 MW to 82.25 MW and so as its investment outlay.

As a next step, the Consortium was required to get Generation License and Tariff Determination from NEPRA which has already been initiated. To undertake the development of the Project, the Consortium has also initiated the process for incorporating a special purpose vehicle Uzghor Hydro Power Company (Private) Limited (UHPKO).

The Project is being implemented by PPIB on a Build, Own, Operate and Transfer (BOOT) basis for a period of thirty years starting from the commercial operation date, after which it will be transferred to the Government of Azad Jammu and Kashmir free of cost.

Being located in the remote area of Chitral Valley, the project assumes added significance. It will not only fulfil the electricity requirements of the area but will also bring valuable revenue for the Government of Khyber Pakhtunkhwa on account of water use charges and taxes during the term of its operations. The Project will also stimulate socio-economic uplift of the locals and will get numerous other benefits and facilities under the Corporate Social Responsibility regime. PPIB is diligently processing this project to make sure its completion by December 2028.

300 MW Ashkot Hydropower Project on Neelum River AJ&K by Ashkot Energy Private Limited



The Ashkot Hydropower Project is identified as a raw site on the Neelum River near the village of Ashkot, some 75 Km from Muzaffarabad capital of AJ&K. The Project is owned by a SPV Ashkot Energy (Pvt) Limited and is being developed by the Laraib Group, the developer of the first hydro IPP of Pakistan i.e. 84 MW New Bong Escape Hydropower Project and the 700 MW Azad Pattan Hydro IPP.

Considering its capacity as 40 MW, the earlier development of the Project was initiated by the GoAJ&K. Later on, during the conduct of feasibility study, the capacity of the Project was optimized to 300 MW. It is worth mentioning that under the legal regime in AJ&K, the projects above 50 MW are processed by PPIB in the capacity of Agent of the AJ&K Council. Therefore, the GoAJ&K requested for transfer of the Project to PPIB in the backdrop of optimized capacity.

The Board of PPIB allowed PPIB to process the Project under the Policy for Power Generation

Projects 2002. The Board further allowed PPIB to evaluate the technical and financial credentials of the Project Company/Sponsors for its consideration prior to issuance of Letter of Interest. Accordingly, the process for evaluating technical and financial credentials of sponsors through independent consultant has been initiated.

Ashkot Hydropower Project is included in the Indicative Generation Capacity Expansion Plan 2018-2040 (IGECP) of NTDC dated February 2019 submitted to NEPRA for approval as a candidate project with expected Commercial Operation Date (COD) in year 2026. The Project will be processed on a 30 year term on a BOOT basis after which it will become property of the GoAJ&K free of cost. The Project entails Foreign Direct Investment of more than US\$ 800 Million with the capacity of generating energy upto approximately 1347 Gwh per annum.

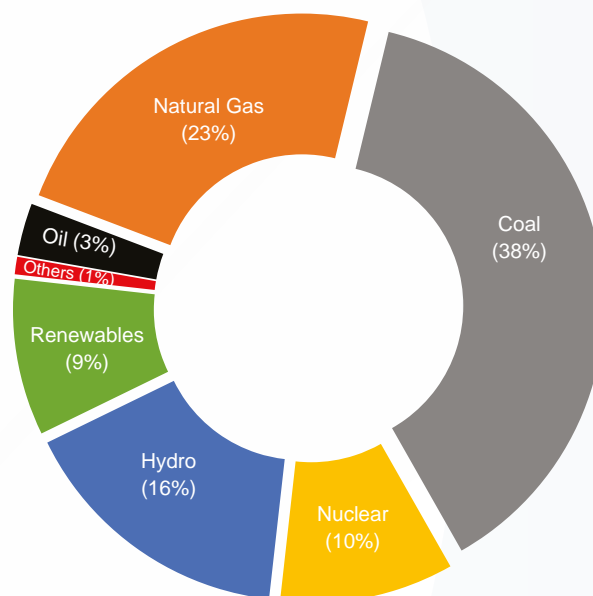
Implementation of IPPs based on Thar Coal

Implementation of IPPs based on Thar Coal

Coal as an energy source has a historical precedence over all other fossil fuels and even presently it contributes to around 38% of the world's energy-mix as per BP Statistical Review of World Energy 2019. The best known high rank deposits of coal of Carboniferous age occur in Europe, Asia and North America and those of Permian age are located through out the former continent of "Gondwana Land" now Pakistan, India and Australia. Low rank deposits of sub-bituminous and lignite occur in Tertiary strata of Europe, North America, Australia, Asia and parts of South East Asia.

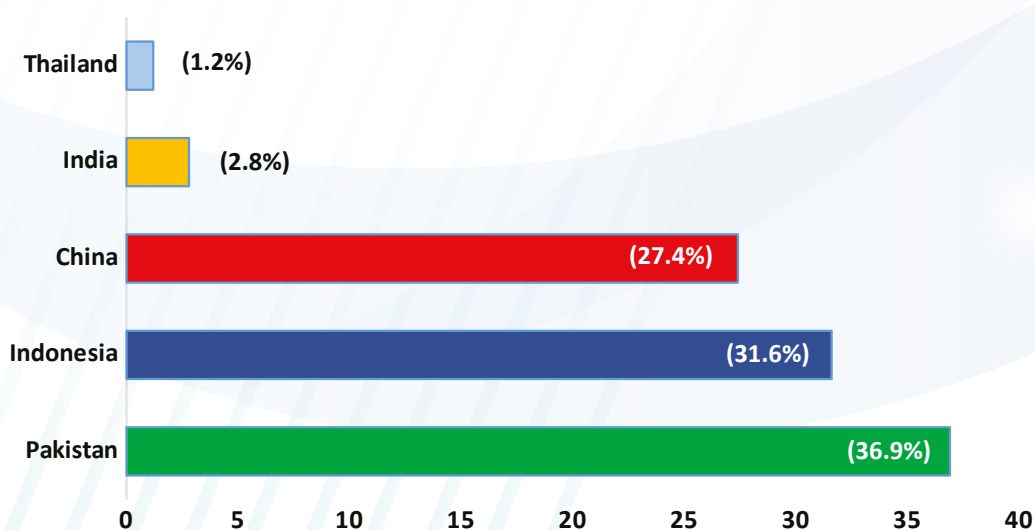
The total in-situ resources of coal in the world including both high and low rank material, have been estimated at about 984,211 million tonnes. Out of these 509,491 million tonnes are high rank i.e. "bituminous and anthracite" and 474,720 million tonnes are low rank i.e. 'lignite and sub-bituminous' (Journal World Coal). Out of that more than 60% of the total reserves are located in former USSR, USA and China. Australia, Poland, U.K., Germany, India and South Africa have also large recoverable reserves of hard coal i.e. "anthracite and bituminous coal" while Germany, Australia, former Yugoslavia, Poland, Pakistan and India contain significant amount of low rank coal reserves. Traditionally, world's coal has been mined by underground methods, however, in recent years, large-scale mining by high productivity, open-cut techniques has also been undertaken.

COAL DOMINANCE IN WORLD ENERGY MIX - 2018



Most of the world's lignites occur in Asia and a sizeable part of the Asian coal potential exists in Pakistan. Some 97% of coal reserves of Pakistan are of lignite rank and vast deposits of these occur in Tharparker area of Sindh Province. Out of an estimated 475 billion tonnes of sub-bituminous and lignite reserves of the world, 46.7% occur in Asia, 34.9% in Europe, 9.6% in America and 7.7% in Australia.

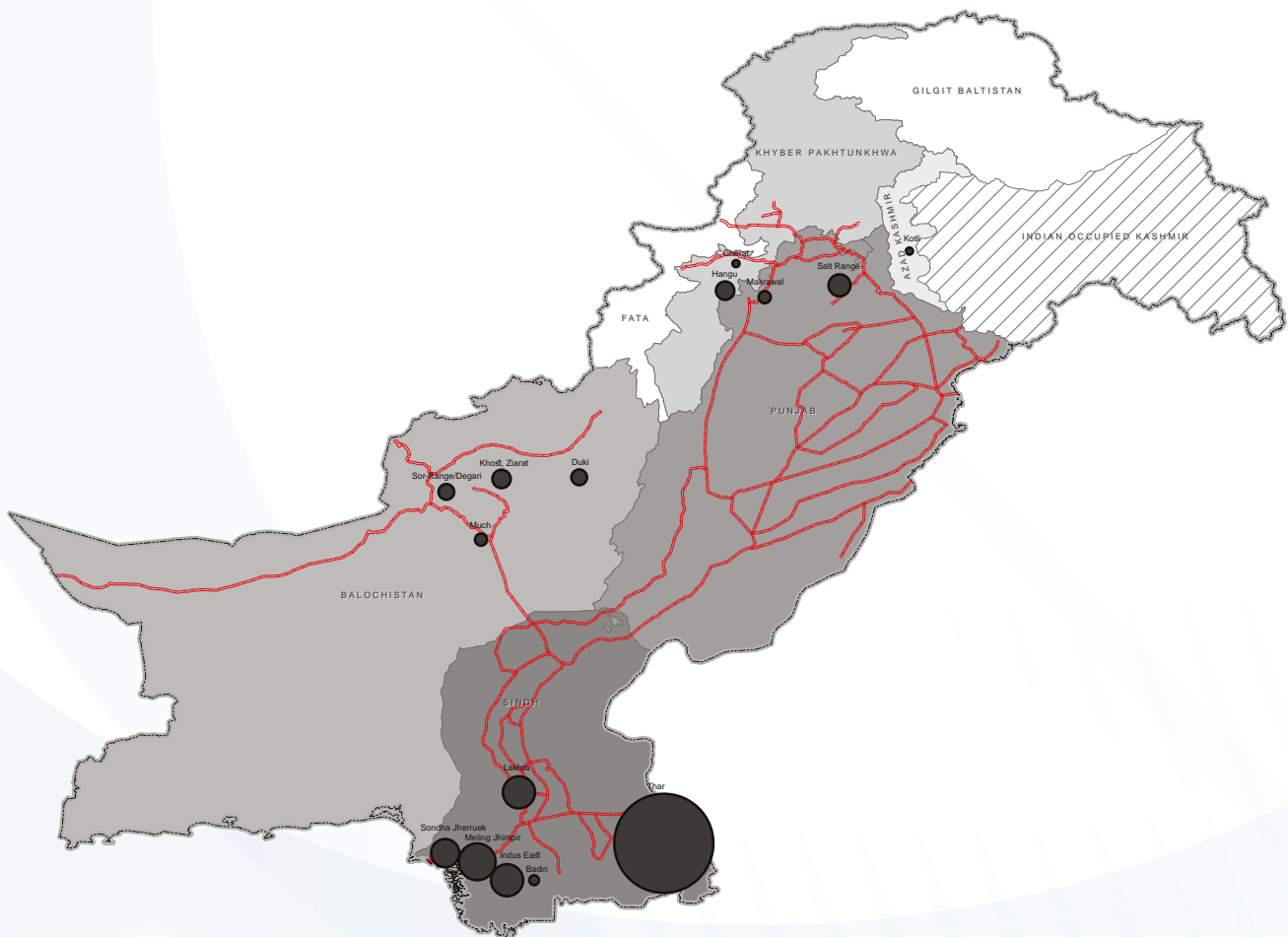
SUB-BITUMINOUS/LIGNITE RESERVES IN ASIA



Pakistan is a coal-rich country, but, unfortunately, coal has not been developed for power generation for a long time due to lack of infrastructure, insufficient financing and absence of modern coal mining technical expertise. Unavailability of reliable coal was the main obstacle to significant progress in coal power generation. After discovery of 175.5 billion tonnes of coal in Thar area of Sindh, Pakistan's coal power potential has increased manifolds. Thar coalfield, one of the world's largest lignite deposits discovered in 1992 is spread over more than 9,000 sq. kms with

dimensions of 140 km. (north-south) and 65 km. (east-west). If properly exploited, Pakistan's coal resources may generate more than 100,000 MW of cheap electricity for decades to come. Coal - the black gold is found in all the four provinces of Pakistan and in AJ&K. After discovery of massive lignite coal resources in Sindh which possesses 99 percent of the total coal reserves of country, Pakistan has emerged as one of the leading country - seventh in the list of top 20 countries of the world.

Coal Potential in Pakistan



The vast resources of coal in Pakistan and in Azad Jammu & Kashmir are detailed in the following table:

COAL POTENTIAL IN PAKISTAN

Province/Territory	Reserves in Million Tones	% Age
Sindh	185,456	99.7
Balochistan	217	0.11
Punjab	235	0.12
KP	90	0.04
AJ&K	9	0.004
Total	186,007	—

Source: Pakistan Energy Book 2018

Block-wise breakup of the Thar coal reserves is briefly defined in the below table:

Specific Block/Field	Area (Sq.km)	Drill Holes	Reserves / Resources (Million Tonnes)				Total
			Measured	Indicated	Inferred	Hypothetical	
Block-I (Sinhar Vikian-Varvia)	122.0	41	620	1,918	1,028	-	3,566
Block-II (Singharo Bhitro)	55.0	43	640	944	-	-	1,584
Block-III (Saleh Jo Tar)	99.5	41	411	1,337	258	-	2,006
Block-IV (Sonal Ba)	80.0	42	637	1,640	282	-	2,559
Sub Total (Block I-IV)	356.5	167	2,308	5,839	1,568	-	9,715
Rest of Thar Coal Field	8,643.5	335	4,717	11,291	37,082	112,700	165,790
Total (Thar Coal Field)	9,000.0	502	7,025	17,130	38,650	112,700	175,505



Coal assumes a vital and significant role in reducing dependence on the Pakistan's useful but limited supply of natural gas and to reduce burden on foreign exchange being spent on the costly import of oil. The huge coal resources of the country can play a significant role in meeting the energy demand for a long time.

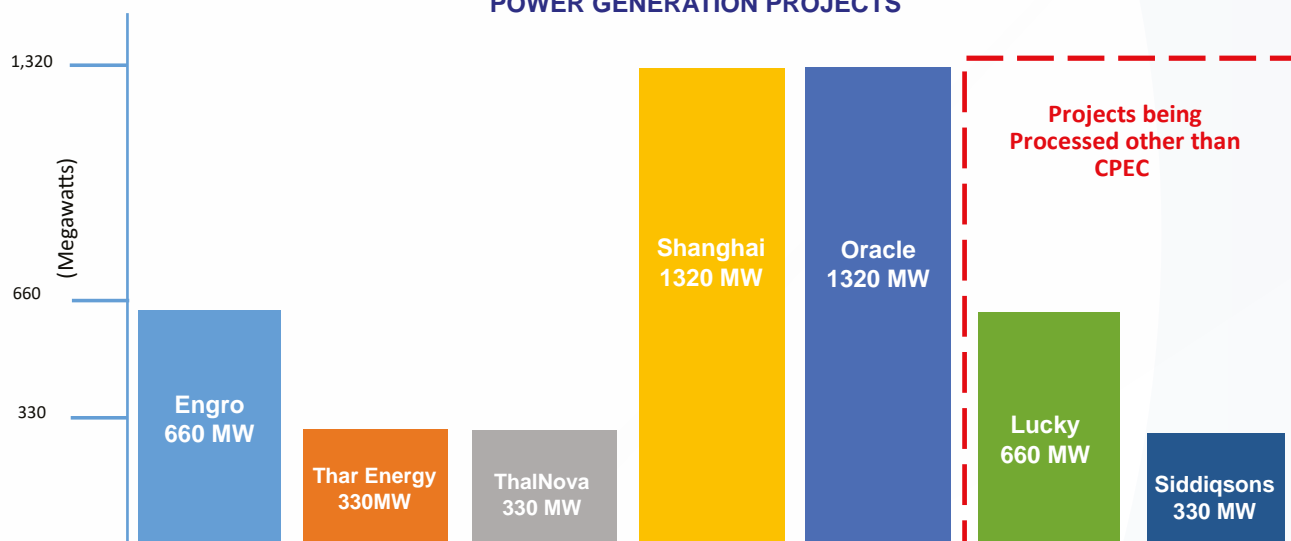
In pursuit of the GoP for attaining energy security, policy for promoting indigenous Thar coal is being implemented for future power generation. PPIB is actively playing its role for attracting private sector in this relatively new chapter of the energy sector, as previously only Lakhra Power Plant located in Jamshoro, Sindh was generating power in the public sector utilizing indigenous coal of Lakhra coal mines. The plant was commissioned in 1995 with an installed capacity of 150 MW. Since then, no indigenous coal based power plant was established neither in the public nor private sector until the China-Pakistan Economic Corridor (CPEC) was launched and as a result sizeable private capital was injected in the vital but neglected spheres of energy sector including Thar coal. Currently, PPIB is processing seven indigenous coal based power generation projects of 4,950 MW cumulative power generation capacity. From these, five (5) projects totalling 3,960 MW are conceived

under the CPEC while another two (2) projects of 990 MW are other than the CPEC. For safeguarding the environment, all projects are being developed in strict compliance with international environmental standards.

It is noteworthy to highlight that initially, 660 MW Lucky and 330 MW Siddiqsons were conceived as imported coal based plants, however, as a result of major policy shift in 2016, the GoP put bar on allowing new power generation projects on imported fuels except the projects that were finalized under the CPEC or mutually agreed between the governments of Pakistan and China. Accordingly, while considering the fact that both projects had already achieved significant progress and abandoning of these plants at this crucial post LOS stage may leave serious repercussions among investors community, PPIB convinced sponsors of both projects to switch on to Thar coal and thereafter amended LOSs were issued by PPIB for further processing of these projects as indigenous Thar coal based projects.

Following image describes the current portfolio of Thar undertaken by PPIB under the Power Generation Coal Based power generation projects being Policy 2015 regime:

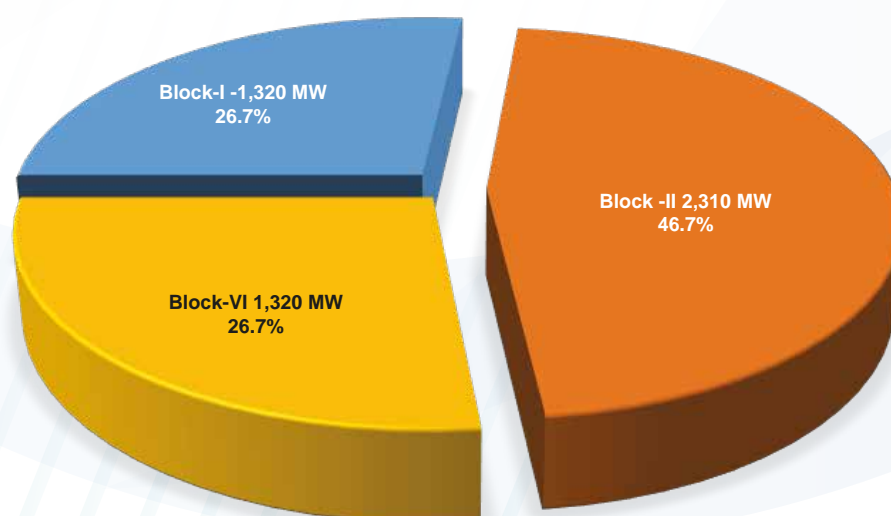
CURRENT ASSIGNMENTS OF PPIB FOR DEVELOPING THAR COAL BASED POWER GENERATION PROJECTS



Since, 99% deposits of country's indigenous coal reserves lie in Thar, Sindh, it is natural to attract investors' attention, and owing to other factors as well, which include availability of better infrastructure and

accesses to basic facilities, so far, all endeavours for development of indigenous coal based projects are based on Thar coal:

THAR COAL BLOCK WISE DEVELOPMENT OF POWER GENERATION PROJECTS

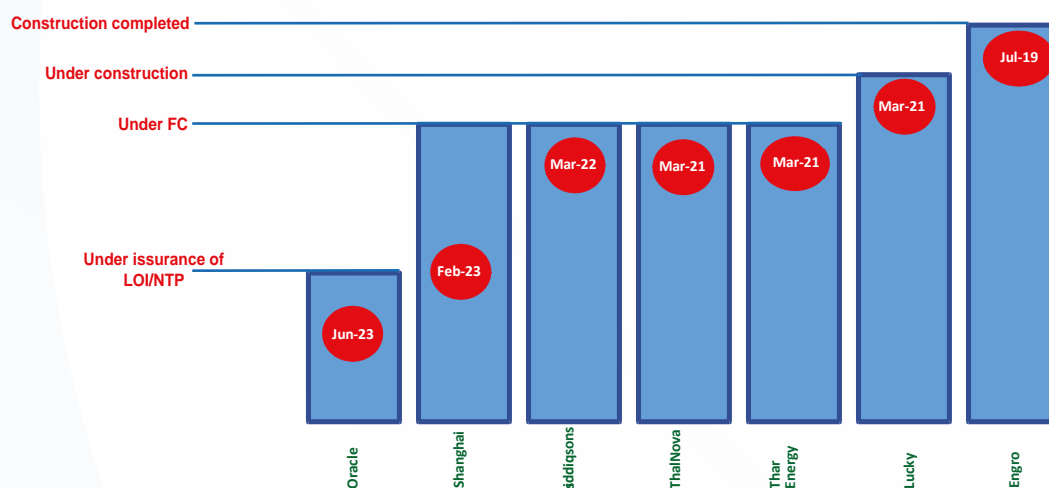


660 MW Lucky Electric Project will utilize Block-II Coal of Thar Coalfield however, plant will be located in Port Qasim, near Karachi.

As a result of PPIB's efficient handling of projects, expert facilitation and professional monitoring mechanism, majority of projects are either under construction or about to start construction. Out of the fleet, two projects are at advance stages of construction amongst which one project i.e. 660 MW Engro is almost completed and currently under testing and commissioning process while formal declaration of achieving COD is set to be announced during July 2019 thereafter it would be ranked as first ever Thar

coal based power generation project of country, Which has achieved COD. Similarly, another project i.e. 660 MW Lucky Electric is also progressing expeditiously for accomplishing construction activities by March 2021. In pursuit of meeting strict timelines, 330 MW Thar Energy Project has also initiated construction activities prior to Financial Close. Current status of Thar coal based projects is elaborated through following image:

CURRENT STATUS OF THAR COAL BASED PROJECTS



Majority of the above projects are well on track to start generating power within the targeted timelines. Once completed, these projects would play a vital role in energizing the national grid as envisaged by the GoP and improve country's energy mix significantly thus would contribute in bringing sustainability and reliability in the entire sector. The successful development of ongoing projects based on Thar coal is gaining attention of potential investors for development of new power generation and coal mining projects in the underdeveloped Thar parkar which will be emerging as energy capital of Pakistan in near future. This development in turn would have far reaching impact on secondary and tertiary growth of

allied industries, business, infrastructure, employment opportunities, other initiatives under Corporate Social Responsibility (CSR) and socioeconomic scenario in the country. It is very much evident that the coal resources of Pakistan have now assumed a vital importance for meeting future energy needs for a long time. Concerted efforts are being done on a war footing basis for technological developments with respect to coal exploration, extraction, handling, transportation and utilization to accelerate future development of Pakistan's coal. The list of ongoing Thar coal based power generation projects being implemented by PPIB is as follows and the status of each is given on the forthcoming pages:

S.No.	Project Name	Capacity (MW)
1.	Engro	660
2.	Thar Energy Limited	330
3.	ThalNova	330
4.	Shanghai	1,320
5.	Lucky	660
6.	Siddiqsons	330
7.	Oracle	1,320
Total (MW)		4,950

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



This 660 MW Project is Pakistan's first Thar Coal based Power Project by M/s Engro Powergen at Thar Block-II which has been completed and supplying electricity to the national grid. The successful completion of first ever Thar coal based Power Project has paved way for development of other Thar coal based Power Projects at Thar Block-II. The Project will not only produce cheap and affordable electricity by utilizing Thar Coal for the first time in the energy history of Pakistan but it will also contribute in reducing dependence on imported fuels.

Last year, the project construction progressed at full pace, as a result, 1st Unit of 330 MW became operational in March 2019 and after synchronization of both units (660 MW), the Project was inaugurated in April 2019.

The Sponsors of this project alongwith the Government of Sindh have made a special purpose company, Sindh Engro Coal Mining Company (SECMC), which is developing first coal mine at Thar for power generation and will supply Thar Coal to this Project as well as other upcoming power generation projects. By the Grace of Allah Almighty and unparalleled efforts of the Sponsors, the mining work on Phase-1 of the Thar Block-II has been completed by SECMC as per schedule after unearthing of first coal layer in June 2018. The Project is under extensive testing and commissioning process which is expected to be concluded within the month of July 2019 after which it will be declared as Commissioned Project by PPIB.

330 MW Thar Coal based Power Project at Thar Block-II by M/s 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 Thar Block-II. SECMC is the coal supplier for this project from Thar Block-II. Construction work has started on site

ahead of Financial Closing. Formal FC is expected to be achieved in the last quarter of 2019. This important project is included in Priority Projects of CPEC to be connected through 660 kV Matiari-Lahore HVDC Transmission Line and is expected to achieve COD by March 2021.

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



ThalNova Power Thar Private Limited Company (consortium of three renowned companies of Pakistan) with technical support from Chinese companies is developing a 330 MW Thar Coal based Power Project at Thar Block-II Sindh. Being the priority project of CPEC this project is yet another step towards development of Thar Coal based power generation. SECMC being the mine

developer of Thar Block-II will supply coal for this project. After issuance of LOS to the project company by PPIB, the project is heading towards Financial Closing which is expected in December 2019, whereas COD is planned in March 2021. 660 kV Matiari-Lahore HVDC Transmission Line will connect this project with the national grid.

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



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 Company Limited (TCB-1) is developing this 1,320 MW power generation project. Sino Sindh Resources Limited (SSRL) as mine developer is the coal supplier for the project. The Project is included in the Priority List of CPEC Projects. After issuance of LOS by PPIB, the project is progressing towards Financial Closing.

Negotiations on Implementation and Power Purchase Agreements are in final stages. Despite problems in financing from Chinese side, the sponsors are trying their best to resolve the financing issues and complete the first unit of 660 MW by August 2022 and the full project of 1,320 MW by February 2023. The Project amongst others will be connected through 660 kV Matiari-Lahore HVDC Transmission Line.

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



Lucky Group is actively developing this project with the support and guidance of PPIB. The Project was earlier issued Letter of Support in June 2015 for developing the 660 MW Power Project at Port Qasim based on imported coal. However, in accordance with the directions of PPIB Board regarding reduction in dependence on imported coal, M/s Lucky Electric Power Company Limited

agreed to develop the Project on Thar Coal. Accordingly, the Project was converted to local Thar coal on the same site (Port Qasim), through an amendment to LOS. The Project will utilize Thar Coal from Block-II. After FC, the Sponsors have mobilized Chinese contractors at site and construction activities are in progress to achieve COD by June 2021.

330 MW Thar Coal based Power Project at Thar Block-II by M/s Siddiqsons Energy Limited



Initially the Project was based on Imported Coal with a capacity of 330 MW, however, after the directives of PPIB Board for discouraging imported fuels, M/s Siddiqsons Energy Limited agreed to convert imported coal based power project to local Thar Coal. Subsequently, the location of the Project

was changed from Port Qasim to Thar Block-II, Sindh. Company has signed Implementation Agreement and Power Purchase Agreement while work is in progress for achieving Financial Close. Project is expected to achieve COD by March 2022.

1320 MW Thar Coal based Power Project at Thar Block-VI by M/s Thar Electricity (Pvt) Limited



This 1,320 MW mine mouth coal fired project is being developed by M/s Oracle Coalfields PLC, a UK based company and will utilize coal from Thar Block-VI. The Project is included in Priority Projects under CPEC. The Project is now being processed under the new Upfront Tariff announced by NEPRA for coal power projects. Sponsors while keeping in view the requirements of new Upfront Tariff , through the SPV M/s Thar Electricity (Private) Limited (TEPL) have submitted revised proposal with changed shareholding structure. The change

in sponsors requires approval from the various competent forums of CPEC which include JCC and JEWG. As per PPIB Board decision, Notice to Proceed (NTP)/Letter of Intent (LOI) may be issued by PPIB upon fulfilment of pre-requisites including necessary approval for change in shareholding structure by JCC and JEWG of CPEC. Further processing of the Project is dependent upon the timelines related to power evacuation and project COD, in the context of demand-supply scenario of the country.

Implementation of IPPs based on Imported Coal and RLNG

Implementation of IPPs based on Imported Coal and RLNG

Power shortages in Pakistan have been cyclical, with the current cycle having its roots in 2004-05. The pattern of energy production to control the shortages has kept on changing markedly in the past witnessing several distinct episodes, each characterized by one fuel type dominating other in the total energy scenario. Last decade exposed energy deficient economy of Pakistan to expensive furnace oil and depleting gas reserves; stretching further the gap between demand and supply of electricity.

To handle the situation, at strategic fronts, three strata energy policy was adopted by the GoP which was operationally implemented by PPIB while focusing Short Term, Medium Term and Long Terms plans under the Power Generation Policy 2015.



The inside out approach adopted by PPIB was focused on boosting the indigenous fuel resources and diversifying the then prevailing energy mix while ensuring reliable and affordable generation of electricity. Thar coal, the abundant and untapped indigenous natural resource lying dormant under the desert sands quickly became priority choice for energy generation, however, initial studies and consultation



conducted at different fronts suggested extended timelines before the first Thar coal mine and associated power plant could be materialized.

Limited by options and the urgency of the stringent task at hand, short term option of establishing power plants based on imported coal with capability of blending Thar coal upon its commercial availability was considered viable. The second phase called for promoting Thar coal based power plants fixated in medium to long term plans. Accordingly, before enforcing moratorium on imported coal, PPIB executed the plan and prioritized three imported coal based plants of 1,320 MW each at Port Qasim, Sahiwal and Hub and a 300 MW plant in Gwadar under China Pakistan Economic Corridor, while 163 MW Grange project at Arifwala, Punjab was processed in addition to CPEC projects:

IMPORTED COAL BASED PROJECTS



Imported coal based projects capable of utilizing Thar coal upon its commercial availability were initiated to meet the country's immediate electricity shortfall while considering that the imported coal based projects would require shorter gestation period and come online before the indigenous / Thar coal as well hydropower projects of similar size. Furthermore, in order to trade off the anticipated impact on foreign exchange reserves, number of hydro and local / Thar coal based projects were also prioritized simultaneously to cater the electricity requirements on long term basis.

As envisioned by the GoP, this initiative served accordingly and 1,320 MW Sahiwal Project was completed in October 2017 while similar size of Project at Port Qasim completed in April 2018. The fast processing of both projects is evident from the fact that from the date of issuance of Letter of Intent (LOI), Sahiwal Project achieved COD within 41 months while Port Qasim Project achieved the said milestone within a period of 47 months. Similarly, 1,320 MW Project at Hub is also heading at a fast pace as a result, after completing construction work within 48 months from the date of issuance of LOI, it is under testing and commissioning phase which is expected to be concluded and formal declaration of COD from PPIB is likely to be made during July-August 2019. Progress achieved by these projects under active facilitation and monitoring mechanism of PPIB is illustrated as shown in the table below:

Energizing the national grid with relatively less expensive imported coal based electricity of around 4,000 MW in a short period of 3-4 years played decisive role in eliminating electricity shortages.

The 300 MW Gwadar Project holds strategic importance for Pakistan due to its location in the port

city of Gwadar which is turning out to be a gateway to progress and prosperity of not only Pakistan but the entire region. The establishment of Gwadar Project is crucial to make Gwadar self-sufficient in electricity, as it is currently relying on the electricity of 100 MW from Iran. It will not only deliver 300 MW to the system but will also be instrumental in flourishing economic activities in Gwadar which features heavily in CPEC and envisages to be a crucial link between the One Belt One Road and Maritime Silk Road Project. After determination of tariff by NEPRA, Letter of Support (LOS) to the Project is expected to be issued by PPIB during July-August 2019 subject to completion of certain prerequisites. Project faced delays on part of tariff determination, land acquisition, signing of PPA and grid interconnection & transmission infrastructure issues which took long time in settling. With regard to 163 MW Grange, on account of default by Grange Power Limited, in achievement of FC, a notice for encashment of Performance Guarantee was issued by PPIB against which Grange Power initiated legal proceedings consequently the matter is under litigation in the court of law.

In a way, imported coal plants will prove useful for the native human capital of the country to develop the requisite expertise to manage Thar coal supply chain and its utilization for power generation in future. Living cognizant to the environmental degradation, PPIB encouraged the imported coal plants to utilize super critical technology with state of the art intervention systems. This shall ensure mitigation of hazardous coal emissions like NO_x and SO_x while adhering to strict criterion set by World Bank and achieving values much below the local National Environmental Quality Standard.

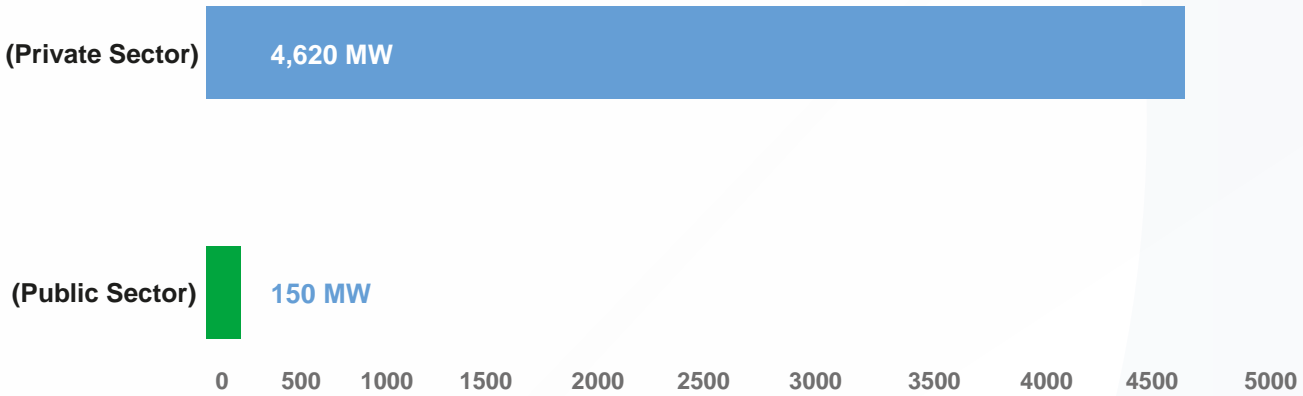
Project Name	Date of LOI	Date of LOS	Date of FC	Date of COD	Total Time (months)
Sahiwal	21.05.2014	17.04.2015	31.03.2017	28.10.2017	41
Port Qasim	21.05.2014	17.04.2015	22.12.2015	25.04.2018	47
CPHGC	29.06.2015	12.04.2016	26.01.2018	Aug - 19*	50*

* Anticipated timeline based on on-ground progress.

The completion of three mega imported coal based projects as discussed above, further reduced the share of oil based electricity in the country. Prior to imported coal based Sahiwal, Port Qasim and Hub projects and Thar coal based 660 MW Engro project, coal share in Pakistan’s power generation was around

1% which has now jumped to 13% having 2% contribution from Indigenous Coal and 11% from imported coal. The percentage of indigenous coal would witness major rise once majority of the pipeline projects which are at advance stages of development are reached to completion.

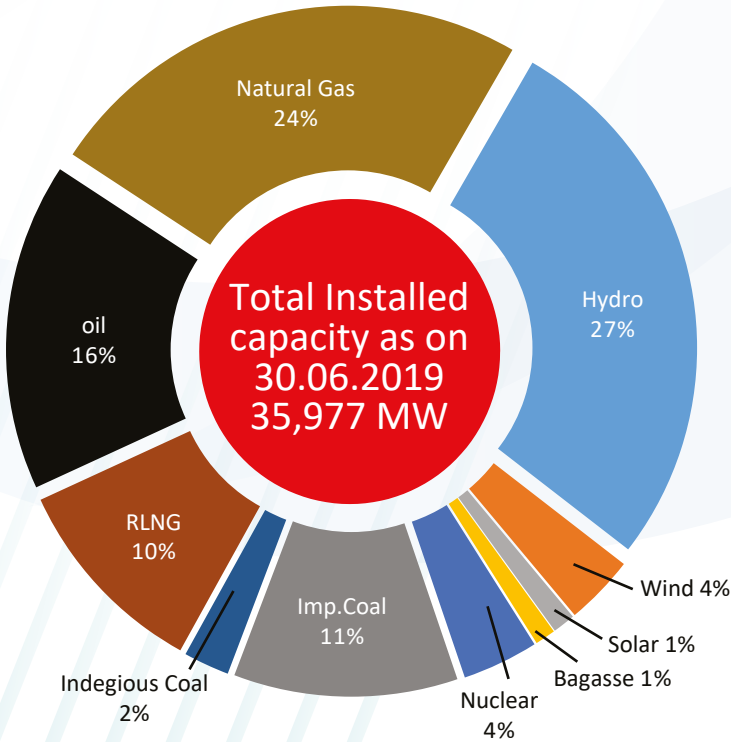
COAL BASED POWER GENERATION IN PUBLIC AND PRIVATE SECTOR - 2019



As far as oil based power generation is concerned, Pakistan’s reliance on oil was 43.5% in FY1998 and FY2001. For the FY 2018, oil reliance reduced to 31.2 percent which has now reduced to the record lowest level of 16% in FY 2019 and it will further reduce once

pipeline projects based on hydro and Thar coal are completed. The gradual declining trend of oil in power generation is a welcoming sign for a Pakistan’s energy sector.

Fuel-Wise Energy Mix of Pakistan - 2019
(Excluding K-Electric)



Another imported fuel which was considered for mitigating electricity crisis was Regasified Liquefied Natural Gas (RLNG). Just like Imported Coal based Projects, RLNG projects were planned to provide relief in a quickest possible time frame. Initially, three mega projects were prioritized namely, 1,180 MW Bhikki, 1,223 MW Balloki and 1,230 MW Haveli Bahadur Shah. The Government of Punjab decided to develop 1,180 MW Bhikki Power Project in Bhikki, District Sheikhupura through its own budget and accordingly established Quaid-e-Azam Thermal Power (Pvt) Limited (QATPL) while 1,223 MW Balloki and 1,230 MW Haveli Bahadur Shah Projects were undertaken by the Government of Pakistan through a SPV National Power Parks Management Company Limited (NPPMCL). These projects were processed by PPIB under the provisions of Power Generation Policy 2015 which was particularly launched to accommodate new fuels like coal and RLNG. It also provides provision of processing public sector projects in IPP model for availing incentives, concessions and facilitation by PPIB as being provided to the IPPs in the private sector.



Later, due to slippages in timelines of some advance stage projects which otherwise were scheduled to come on line during 2017-18, the GoP decided to launch another RLNG based project at the location near Trimmu Barrage, District Jhang to fill the gap anticipated as a result of such slippages. For this purpose, ban imposed in 2016 for processing new power generation plants on imported fuels was lifted for once. The 1,263 MW project was too funded by the Government of Punjab utilizing its own resources and for smoothly managing the whole process, Punjab Thermal Power (Pvt) Limited (PTPL) was incorporated.

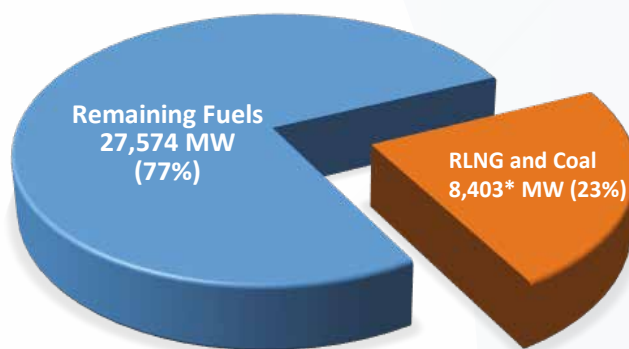
PPIB implemented initial three projects on fast track basis consuming average period of 28 months starting from issuance of Letter of Intent (LOI) and provided another 3,633 MW to the national grid in such a short period. Another project i.e. 1,263 MW PTPL Project is confronting delays on part of signing Project Agreements which include IA, PPA, GSA etc., due to which FC could not be achieved so far, however, despite such delays, construction activities are continued in parallel at full pace and so far 80% of construction work has been completed:



Project Name	Date of LOI	Date of LOS	Date of FC	Date of COD	Total Time (Months)
Bhikki	13.07.15	09.05.16	22.08.16	20.05.18	34
HBS	12.04.16	22.09.16	28.11.16	09.05.18	25
Balloki	12.04.16	22.09.16	28.11.16	29.07.18	27
PTPL	26.07.17	26.01.18	—	—	80% construction work completed till Jun-19

As far as combined contribution of imported coal and RLNG projects in energizing the national grid is concerned, it is evident from the fact that both fuels provided 7,593 MW within the average time period of around 3 years (including CPHGC) hence greatly served the agenda of the GoP in easing the situation in a short time period. Separately, on average, Imported coal based projects took 46 months completion time while RLNG based projects completed within the average timeframe of 28 months. If 660 MW Engro which is also completed and has started feeding national grid but yet to declare COD, is also included than the accumulated numbers of imported & indigenous / Thar coal and RLNG based projects amounts to 8,403 MW which constitutes more than 23% share in the overall energy mix of country. With the addition of 1,263 MW PTPL project, the said numbers would further jump to 9,666 MW so as the combine share of these fuels would also be increased to reach at 26% of the overall energy mix of country.

COAL & RLNG IN OVERALL ENERGY MIX



* including 150 MW Lakhra Coal Project

The list of ongoing imported coal and RLNG based power generation projects being implemented by PPIB is as follows while the status of each project is given on the forthcoming pages.

S NO.	Project Name	Capacity (MW)
1	Hub Power Company Project	1320
2	Gwadar Project	300
3	Grange Project	163
Sub Total (Imported Coal)		1,783
4	Balloki Project	1,223
5	PTPL Project	1,263
Sub Total (RLNG)		2,486
Grand Total (Imported Coal + RLNG)		4,269

1320 MW Imported Coal based Power Project at Hub Balochistan by M/s Hub Power Company Limited



This 1,320 MW imported coal based power project at Hub Balochistan is amongst priority projects under CPEC. HUBCO the main sponsors alongwith China Power International have planned this project near the existing site of 1,292 MW HUBCO oil fired power plant. Construction of this plant adjacent to their other commissioned project is helping in utilizing the existing infrastructure (roads, transmission line etc).

After achievement of Financial Close, the project

construction activities started to achieve targeted COD in August 2019. Partial commissioning of the Project has already been achieved in December 2018 through synchronization of 1st unit of 660 MW with the national grid.

For import of coal, construction of a dedicated, self-use jetty has been completed which includes coal-unloading Jetty, approach bridge and associated auxiliary facilities.

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



300 MW Imported Coal based Power Project being part of CPEC's prioritized projects is an important project 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. Thereafter, Notice to Proceed and LOI were issued by PPIB. The Project is being developed by China Communication Construction Group (CCCC) through its wholly owned subsidiary

CCCC Industrial Investment Holding Company Limited (CIHC), which is also the developer of Gwadar Port. NEPRA has determined tariff for the project and after completion of formalities, LOS will be issued by PPIB. The sponsors are targeting Financial Closing and ground breaking of the project in first quarter of 2020. Dedicated efforts are being made by PPIB to bring this project of national importance online by last quarter of 2022.

163 MW Imported Coal based Power Project at Arifwala, Punjab by M/s Grange Power Limited

Grange Power Limited was accorded a Letter of Support by PPIB to develop an oil based Power Project at Arifwala. However, after initiative to reduce dependence on oil based power projects, the Project was processed as a 163 MW coal-based Power Project at the same location.

The Project was on course to Financial Closing; however, sponsors could not meet the crucial milestones within the stipulated timelines, hence, PPIB initiated proceedings for encashment of Performance Guarantee against which sponsors initiated legal proceedings. The matter is currently under litigation.

1223 MW RLNG based Power Project at Balloki, District Kasur, Punjab by National Power Parks Management Company Limited (NPPMCL)



PPIB issued Letter of Support to National Power Parks Management Company Limited (NPPMCL) on 22nd September 2016, working under the auspices of Ministry of Energy (Power Division), for development of a 1223 MW Combined Cycle Power Project at Balloki, District Kasur, Punjab. Both Gas Turbines were commissioned and started operations in simple cycle mode on 13th & 30th August 2017. After installation & commissioning of the Steam Turbine, various performance tests like Reliability Run Test, Initial Capacity Tests, Heat Rate Test etc, were

successfully conducted and the plant achieved commercial operations in combined cycle mode (with a net efficiency of 61.63%) on 29th July 2018.

The Plant is 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 and reduces fuel costs and CO₂ emissions over the life of the power plant.

1263 MW RLNG based Power Project near Trimmu Barrage, District Jhang by Punjab Thermal Power Limited



Punjab Thermal Power (Private) Limited (PTPL) is a company wholly owned by the Government of Punjab. PPIB issued Letter of Support to PTPL on 26th January 2018 for development of a 1,263 MW R-LNG based Combined Cycle Power Plant near Trimmu Barrage, District Jhang, Punjab. The Project is being developed using Siemens' air-cooled, H-Class gas turbines with power plant's net efficiency of 61.16% at reference site conditions. The Project is in the process of achieving Financial Close (FC). Upon PTPL's request, PPIB Board earlier granted extension in FC deadline upto 24th April 2019 due to delays in execution of Project Agreements (IA, PPA, GSA etc). PTPL sought further extension of six months in the FC

date i.e. upto 24th October 2019 due to non-execution of the Project Agreements owing to the reasons beyond reasonable control of the Company. PPIB Board has approved the requisite extension in FC for the Project in its meeting held on 6th May 2019.

Currently, this Project is at advanced stage of development with 80% of construction work completed. The 220 kV transmission line for power evacuation has been completed by NTDCL and the PPA and GSA have been initialed. The open cycle operation of the Project is expected by last quarter of 2019 and commissioning in combined cycle mode by second quarter of 2020.

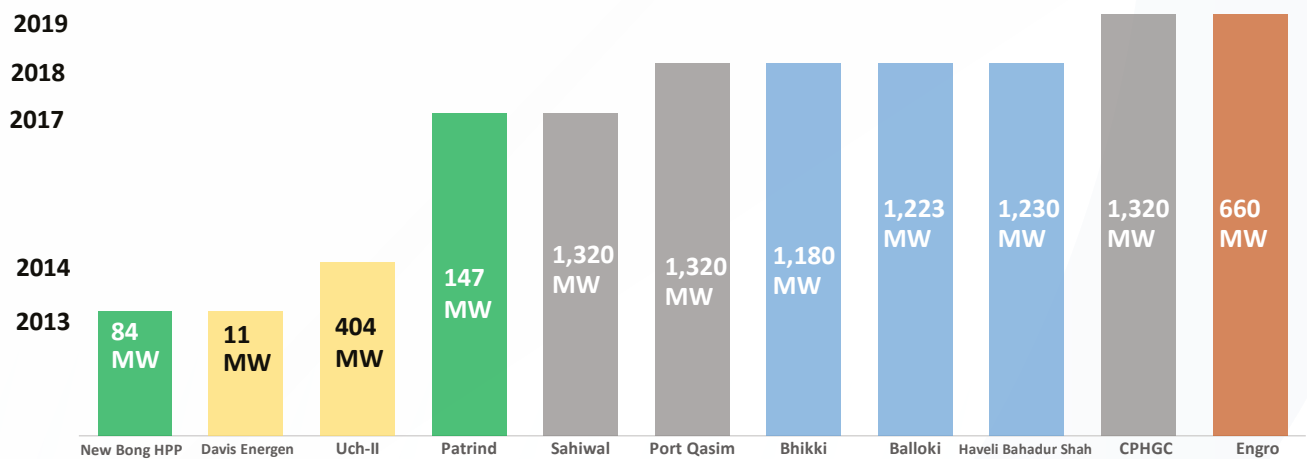
Development of Transmission Network

Development of Transmission Network

Electricity is an integral part of the economic order of Pakistan because energy demand and economic growth share a tight bond. Pakistan is overcoming a severe energy crisis that has directly and indirectly affected all sectors of the economy especially in terms of the evolving energy-mix. The energy side bottlenecks have corroded the economy of the country in the past as well. To fix such congestions and bottlenecks for smooth delivery of energy services, several projects were incorporated to the supply side during 2013-19 which include addition of around 9,000 MW alone from PPIB as have been discussed in pre-pages:

Incremental development in the generation side necessitates availability of a vibrant and efficient network to transmit electricity over long distances across the country. Transmission network serves as a bridge between electricity generation and distribution sector. Sustainable power sector ensures the reliable power supply to the end consumer. There is no doubt that weak and unreliable transmission and distribution system plagued with constraints and bottlenecks has been a major challenge since long.

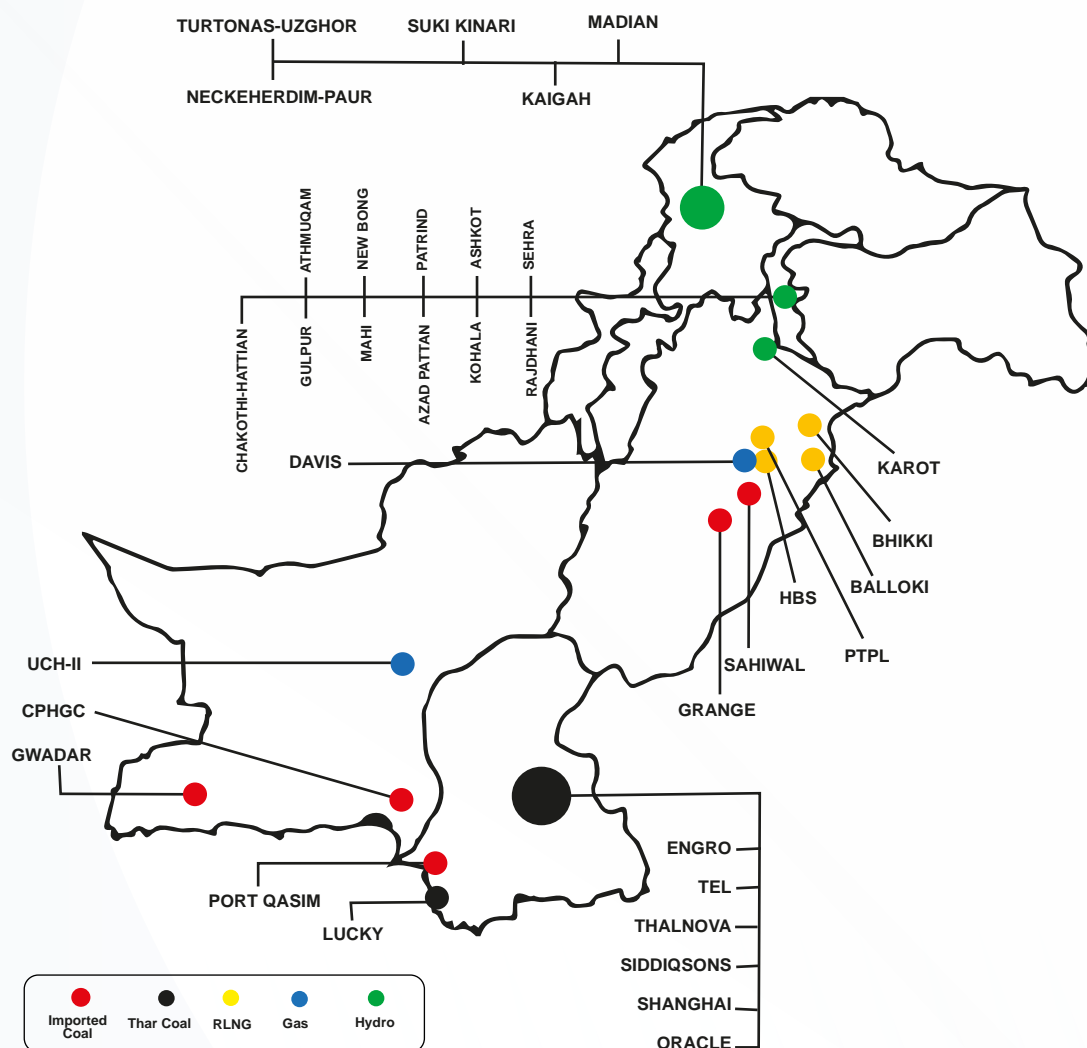
CAPACITY ADDITIONS THROUGH PPIB DURING 2013-19



Although the added capacity has helped in easing the bottlenecks at generation side, yet the transmission and distribution side congestion and inefficiencies are still hampering the sustained delivery of energy services. The power generation plants established through PPIB during 2013-19 and pipeline projects are located all over the country covering areas from

Chitral to Gwadar and AJ&K to Tharparkar. Locations of recently commissioned and upcoming projects indicate that country's transmission network is required to be developed and upgraded to cover long distance areas to efficiently complement new generation capacities.

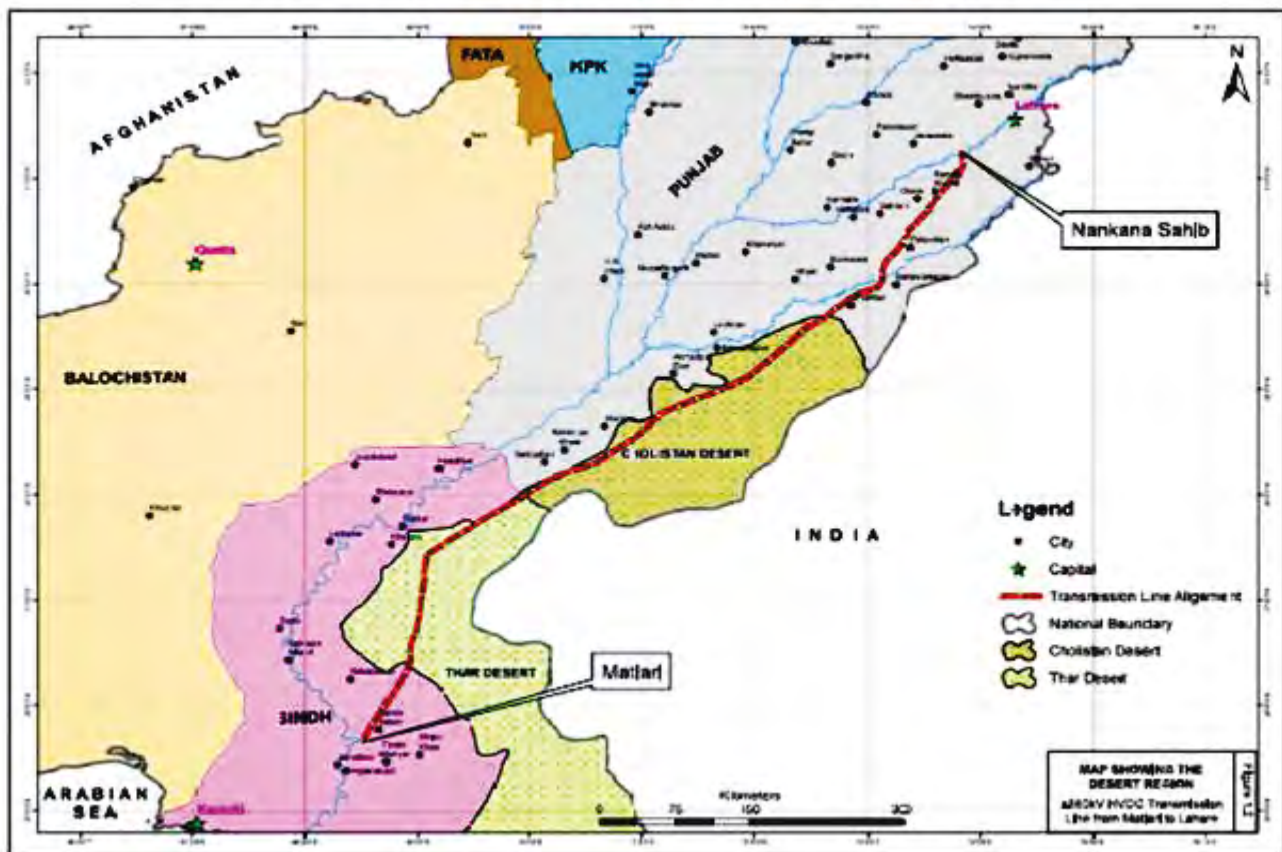
LOCATIONS OF UPCOMING IPPs & IPPs COMMISIONED SINCE 2013



Historically, in Pakistan, transmission sector has been purely under the government control, and like other developing countries, Pakistan has been too is facing funding constraints against substantial needs of upgrading and expanding inadequate and inefficient infrastructure, operated with inadequate maintenance capacity as a result suffering technical and distribution losses. Realizing such limitations against the task in hand which require massive investments, the GoP planned to induct private sector for development and augmentation of transmission network, and accordingly announced “Policy Framework for Private Sector Transmission Line Projects 2015” – (Transmission Line Policy) for facilitation of investors.

The Policy features shortened, simplified and well aligned procedures of international standards coupled with a set of concessions, incentives through one window facilitation of PPIB. The first ever private sector transmission line project as well as the first HVDC project in the energy history of Pakistan was committed by the Private Sector under the Framework of CPEC. The ± 660 kV Bipolar Matiari-Lahore HVDC Transmission Line Project is one of the key projects in CPEC which will transmit 4,000 MW of electricity from the new power generation projects located in the southern region of Pakistan.

Matiari-Lahore HVDC Transmission Line-Planned Route



The project is designed to have bi-pole HVDC technology, having two converter stations, one each at the end of Matiari (Interior Sindh) and Lahore, three repeater stations and two grounding electrode stations. It is being developed by China Electric Power Equipment and Technology (CET), a subsidiary of State Grid Corp of China (SGCC). The project will be delivered on a turnkey basis, under Built, Own, Operate and Transfer (BOOT) program. After 25 years, the infrastructure will be handed over to NTDC to own and operate. The Private Power and Infrastructure Board (PPIB) issued letter of interest (LOI) to CET on 27th March 2017 which triggered the process for financial arrangements by the contractor.

Later PPIB issued LOS on 4th August 2017 and within a period of 18 months, PPIB declared Financial Close on 27th February 2019 which enabled the Project to commence construction activities. Prior to Financial Close, the project agreements i.e Implementation Agreement (IA), Transmission Services Agreement (TSA), Land Lease and Right of Way Agreement (LLA), Implementation Agreement and Guarantee Direct Agreement (DIA), TSA Direct Agreement (TSADA) etc. had already been signed by the respective entities.

This transmission facility will primarily be utilized to transmit power generated from indigenous Thar coal

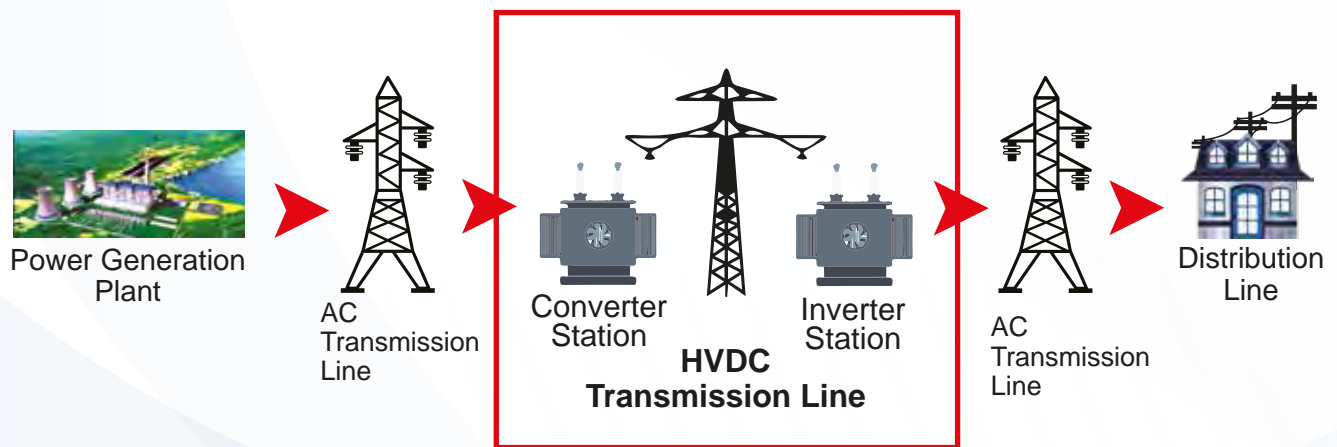


based power generation projects, thus will contribute in enhancing the share of indigenous fuel based generation and saving significant amount of foreign exchange. With the medium and long terms plans of power induction into the national grid, it is important that the power transmission infrastructure is made available to transport the electricity from the power generation facilities to the load centers. PPIB is playing vital role in private sector resources mobilization for large power generation and transmission infrastructure projects, and Matiari-Lahore HVDC transmission project is one such example.

High Voltage Direct Current (HVDC) transmission system is widely recognized as having technical, economical & environmental benefits and also has the technical advantages in producing an asynchronous interconnection and long-distance bulk power delivery. World over, increasing numbers of HVDC projects show HVDC technology plays an important role in the world's power transmission system. The advantages of the HVDC transmission are;

- Charging of current is absent
- No proximity and No skin effect
- No stability problem
- Due to reduced dielectric losses, the current carrying capacity of HVDC cable is large
- Compared to AC transmission the radio interference and the corona power loss are less
- Less insulating devices are required
- Compared to AC the switching surges are lower in DC
- There are no Ferranti effects
- Voltage regulation

In a HVDC system, electricity is taken from an AC power network, converted to DC in a converter station and transmitted to the receiving point by a transmission line or cable. It is then converted back to AC in another converter station and injected into the receiving AC network. HVDC enables the power flow to be controlled rapidly and accurately and improves the performance, efficiency and economy of the connected AC networks.





Implementation of China Pakistan Economic Corridor Energy Chapter

Implementation of China Pakistan Economic Corridor Energy Chapter

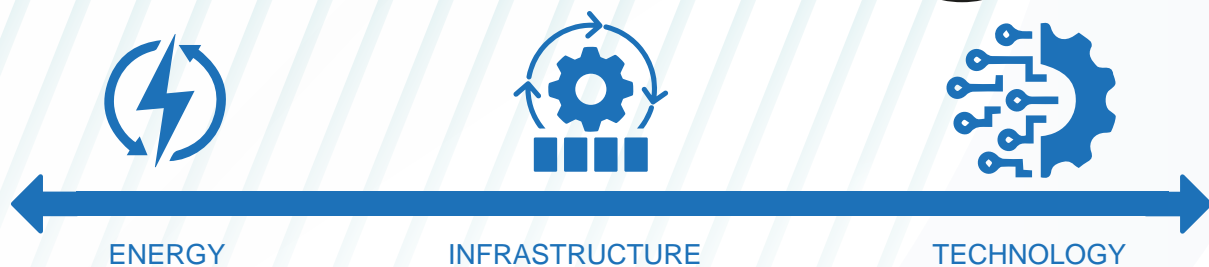
China Pakistan Economic Corridor (CPEC) is a mega project of upgrading Pakistan's required infrastructure and strengthen its economy through construction of modern transportation networks, numerous energy projects, and special economic zones. CPEC provides opportunity for Pakistan to become a logistic and economic hub for South Asia, Central and Western Asia, Middle East and Western China. Additionally,

through CPEC, a small economy like Pakistan is being physically connected with one of the world's largest economy. Gwadar Port due to its natural advantages has the potential to surpass the neighboring ports in terms of trading activity as the port provides the shortest route for China as well as Central Asian Countries.

CHINA PAKISTAN ECONOMIC CORRIDOR- THE GAME CHANGER



CPEC COOPERATION FIELDS:



With particular reference to energy chapter, projects based on indigenous Thar coal, renewable hydro, wind and solar and imported coal are being prioritized under two categories which include "Priority Projects" and "Actively Promoted Projects".

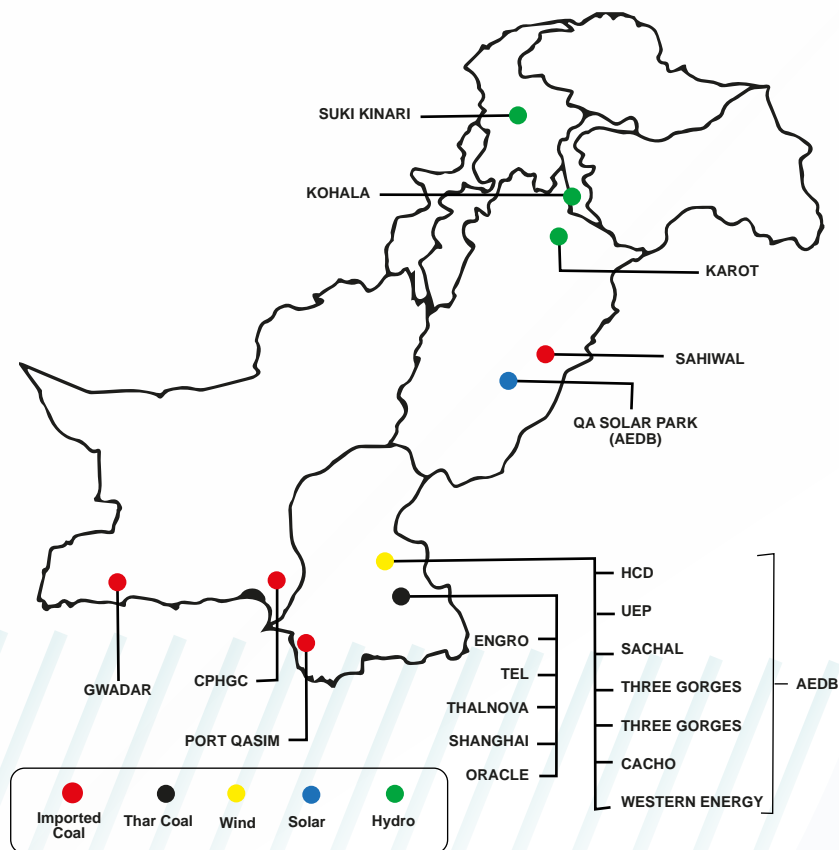
According to CPEC agreement signed in November 2014, projects of more than 17,000 MW were planned to be implemented through PPIB and AEDB out of which, currently, PPIB is handling a diversified

portfolio of twelve (12) power generation projects comprising hydro, Thar coal and imported coal and in addition, the HVDC Transmission Line Project. These projects are located all over the country and in the AJ&K. Similarly, AEDB is processing seven (7) wind and solar based power generation projects of 1,400 MW. Categorization of these projects in "Priority Projects" and "Actively Promoted Projects" is given in the below table:

Priority Projects	Actively Promoted Projects
Coal Projects (PPIB)	
660 MW Engro	—
1,320 MW Shanghai	—
330 MW Tel	—
330 MW ThalNova	—
1,320 MW Oracle	—
1,320 MW Sahiwal	—
1,320 MW Port Qasim	—
1,320 MW Hub	—
300 MW Gwadar	—
Hydro Projects (PPIB)	
720 MW Karot	1124 MW Kohala
870 MW Suki Kinari	—
Solar Project (AEDB)	
1000 MW QA Solar Park	—
Wind Projects (AEDB)	
50 MW HCD	50 MW Cacho
100 MW UEP	50 MW Western Energy
50 MW Sachal	—
50 MW Three Gorges (2nd)	—
50 MW Three Gorges (3rd)	—
Transmission Line Project (PPIB)	
4000 MW HVDC Matiari - Lahore	—

Below image briefly illustrates the locations of CPEC based energy chapter projects being processed by PPIB and AEDB:

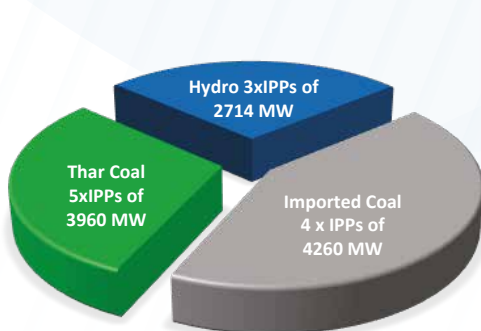
LOCATIONS OF CPEC BASED POWER PROJECTS - PPIB + AEDB



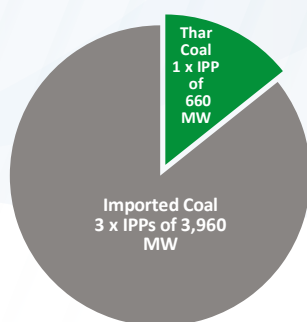
Total investment outlay of twenty energy and one transmission line projects being processed by PPIB & AEDB under CPEC is around US\$ 22 billion which is a huge investment considering the fact that this has been made in a single sector of Pakistan's economy. The FY-19 was highly productive for the energy chapter of China-Pakistan Economic Corridor (CPEC) being implemented by PPIB, as the power generation and transmission line projects picked extraordinary

momentum in accomplishing various milestones. The portfolio of projects which has been awarded to PPIB comprises of 12 power generation and one transmission line projects, however, within the period of 3-4 years, significant progress has been achieved by PPIB due to fast track processing. As a result, these pipeline projects are now turning into realities, and so far, four projects of 4,620 MW have already been completed through PPIB till FY-2019:

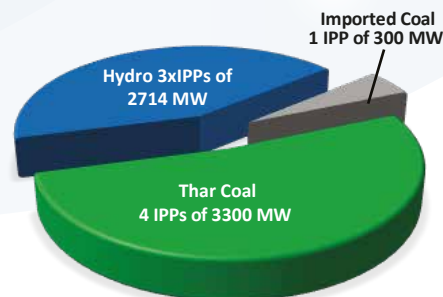
OVERALL CPEC ENERGY CHAPTER - PPIB 10,934 MW



COMMISSIONED / COMPLETED IPPs 4,620 MW (42%)



IN PROGRESS PROJECTS 6,314 MW (58%)



Matiari-Lahore Transmission Line Project is also a part of CPEC

Summary of The Progress Journey of CPEC Projects Under PPIB's Facilitation

Project Name	2014-2015	2015-16	2016-17	2017-18	2018-19
Thar Coal					
Engro	LOI issued LOS issued	FC achieved	Under construction	Under construction	Project to complete by end of FY-19
TEL	—	—	LOI issued LOS issued	Under FC also Under construction	Under FC also Under construction
ThalNova	—	—	LOI issued LOS issued	Under FC	Under FC
Shanghai	—	LOI issued	LOS issued	Under FC	Under FC
Oracle	Project registered in June-15	—	—	—	Proposal under evaluation
Hydro					
Karot	Under FC	Under FC	FC achieved	Under Construction	Under Construction
Suki Kinari	Under FC	Under FC	FC achieved	Under Construction	Under Construction
Kohala	Under LOS	LOS issued	Under FC	Under FC	Under FC
Imported Coal					
Sahiwal	LOI issued LOS issued	Under FC also Under construction	FC achieved	Project commissioned	—
Port Qasim	LOI issued LOS issued	FC achieved	Under construction	Project commissioned	—
Hub	LOI issued	LOS issued	Under FC	FC achieved	Project to Commission by end of FY-19
Gwadar	—	—	LOI issued	Under LOS & Tariff determination	Under LOS & Tariff determination
Transmission Line Project					
Matiari Lahore T.L Project	—	—	LOI issued	LOS issued	FC achieved

CPEC has so far contributed extraordinarily in overcoming electricity shortages and in diversifying Pakistan's energy mix. First time in the energy history of Pakistan, much neglected yet much needed chapters were unfolded which include optimization of indigenous and renewable resources of Coal, hydro, wind and solar beside transmission line up-gradation.

Presence of such valuable resources in energy-mix would definitely be beneficial in lowering the generation cost which is a key factor for attaining socio-economic uplift and flourishing industrial activities.



Future Plans and Targets

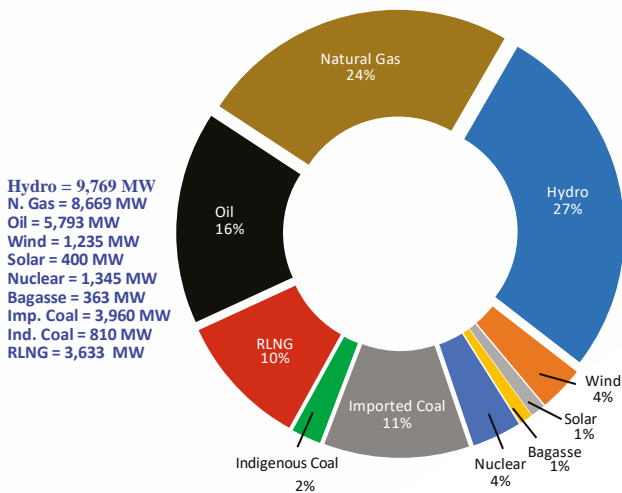
Future Plans and Targets

With over half of the rural population unable to access electricity, Pakistan is undertaking a major build-out of electricity generation capacity to meet demand growth in the future. Further adoption of affordable & accessible indigenous & renewable energy based on coal and hydro can make a greater contribution towards meeting Pakistan's growing electricity demands. In this regard, PPIB is committed to expedite its efforts to make FY-20 highly productive and result oriented.

As a front line institution of the GoP, PPIB is working aggressively for development of power sector on solid, reliable and sustainable footings. PPIB has stopped

allowing imported fuels based power generation projects since 2016 and encouraging indigenous Thar coal, and Renewable hydro based power generation projects. As a result, Power Sector has started witnessing incremental growth in the field of power generation based on Hydro and Thar Coal which is a healthy indicator towards attaining sustainability in the system. Further, the increasing share of indigenous coal and hydro has reduced the oil percentage to a lowest level of the energy history of Pakistan. The comparison of Pakistan's current energy mix for the FY-2019 with the pipeline energy mix through PPIB for the FY-20 is as follows:

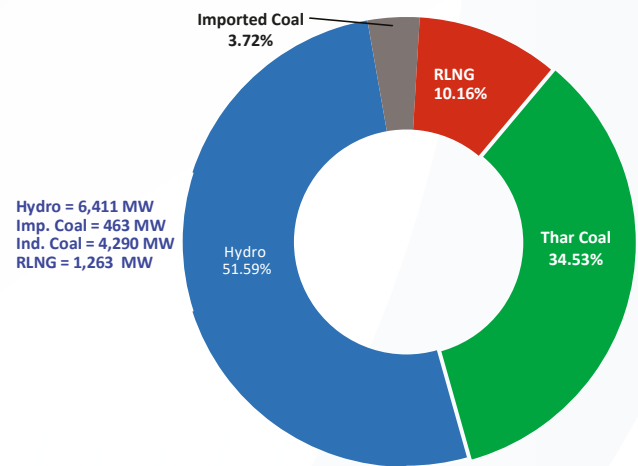
CURRENT ENERGY MIX OF PAKISTAN - 2019



Contribution of oil based power has been dropped to lowest level of 16% of the energy history of Pakistan while more encouraging factor is that in the pipeline energy mix being processed by PPIB, there is no representation of oil based power generation hence it is obvious that oil presence will further reduce from 16% and share of indigenous and renewable fuels and technologies will be increased substantially with the gradual completion of such pipeline projects.

Similarly, other imported fuels i.e. coal and RLNG representing minimal share of 3.72% and 10.16% respectively as compare to hydro having 51.59% while Thar coal's 34.53% share in the upcoming power generation projects being handled by PPIB. Such diversification is evident from the fact that Pakistan's power sector is well on track for attaining energy security in near future. The 86% dominance of indigenous coal and renewable hydro in the current portfolio of projects being processed by PPIB is indeed a landmark achievement which will significantly contribute in improving the energy-mix of

PIPELINE ENERGY MIX - 2020 (PPIB)



country. GoP has set the target of increasing dependence on indigenous energy resources to bring it up to 80% by the year 2030 while together with hydel resources, the share of renewables up to 60% by the year 2030. For achieving this target, the GoP has initiated to assess realistic demand-supply study under Indicative Generation Capacity Expansion Plan (IGCEP) which will be revised every year on the basis of ground realities including growth trajectory, consumption patterns and completion or delays in projects to ensure regulatory compliance. The IGCEP specifies various generation requirements till 2040: the fuel choices, technologies, plant sizes, timing of their addition into the system, and in many cases their locations as well. The plan will continue to focus on least cost generation options and on harnessing indigenous resources, particularly Thar coal and renewable in south and hydro potential in the north.

As a frontline institution of the GoP, PPIB is again playing lead role in implementing GoP's policy of promoting indigenous resources which is evident from its portfolio of upcoming projects which is largely dominated by indigenous hydro and coal based projects. During FY-20 PPIB's prime focus would be on timely completion of pipeline projects for which efficient and expeditious processing would continue to be extended.

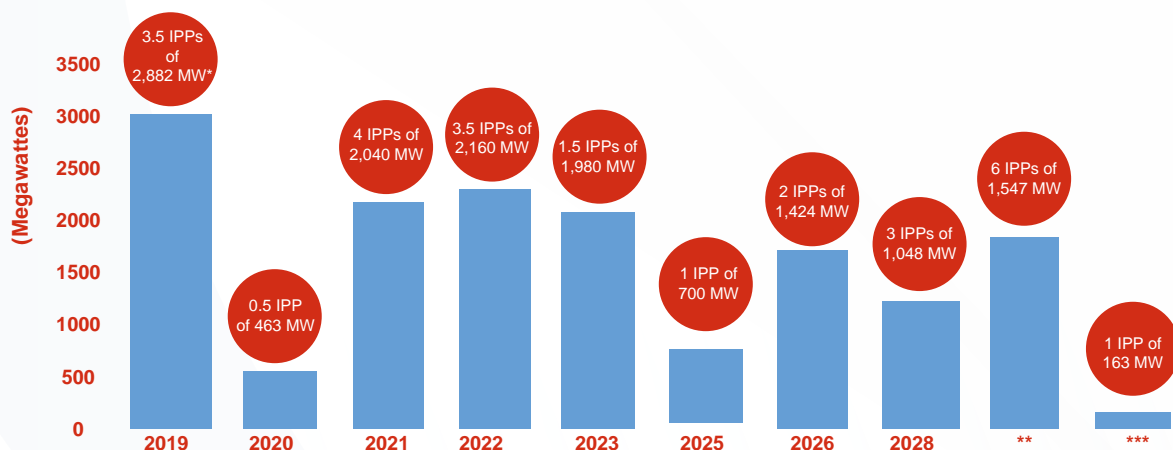
There are various important bipartite and tripartite activities involve in project processing such as tariff determination, land acquisition, generation license, environmental clearance, IA, PPA, WUA, CSA, TSA, FSA etc which are interdependent on each other and if this cycle of activities is disrupted by any single activity, it impacts on the overall chain thus disturbing the project timelines. Therefore, for ensuring smooth processing of projects, well-coordinated efforts among

all relevant stakeholders as well as Project Sponsors play critical role.

PPIB has always been determined in timely execution of all activities by maintaining close liaison with relevant stakeholders as well as other key players of federal and provincial levels. Since majority of pipeline projects are at advance stages, hence, require added attention of PPIB for accomplishing critical milestones to bring projects on track within targeted timelines. Accordingly, for future, PPIB's focus would be on handling the portfolio of upcoming projects more efficiently to complete and commission four (4) IPPs of 3,345 MW during 2019-20 and thirteen (13) IPPs of more than 9,500 MW during 2019-2023:

Fuel wise portfolio of ongoing power generation projects being processed by PPIB vis-à-vis commissioning targets set for upcoming IPPs is as follows:

Planned Additions by PPIB (Year wise)



* Including 660 MW Engro and 1,320 MW CPHGC projects

** To be advertised by PPIB. Not likely to achieve COD before 2028

*** IPP under litigation

Hydropower Generation

Hydro is one of the preferred sources of producing clean, green, reliable and affordable electricity world-wide. Currently PPIB is processing a portfolio of fifteen (15) hydro IPPs of 6,411 MW which are at different stages of implementation, some are at LOS stage while various IPPs are at post LOS, FC and construction stages. These projects are being processed under 2015 Power Policy while there are also few projects which are being processed by PPIB under the Power Generation Policy 2002. The size of hydro IPPs included in the portfolio of projects ranges between 58 MW to 1,124 MW while these projects are located in the areas of KP, Punjab and AJ&K. All out efforts are being made by PPIB for smooth and uninterrupted processing of these projects to achieve the ultimate goal of completing these IPPs within the

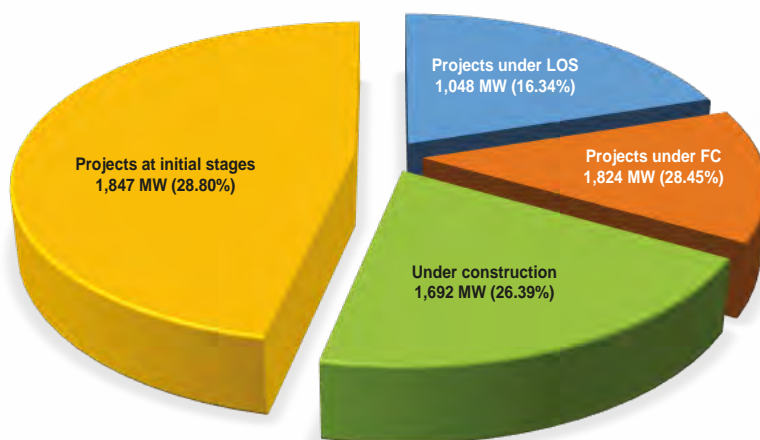
scheduled timelines stretching over 2019-2028.

PPIB being a pioneer institution of the GoP has so far implemented two hydropower projects of 231 MW cumulative power generation capacity in the private sector which include country's first hydro IPP namely 84 MW New Bong Escape.

In addition to the direct advantage of generating electricity, development of a hydropower project brings several indirect benefits which include but not limited to creation of employment opportunities, development of allied infrastructure and industry, boosting agriculture industry through smooth supply of electricity and water, flourishing tourism activities in the area, initiation of community welfare programs under Corporate Social Responsibility (CSR) which

include opening of schools, vocational training institutions, hospitals / dispensaries. Current status of hydropower projects being implemented by PPIB is given in the below image:

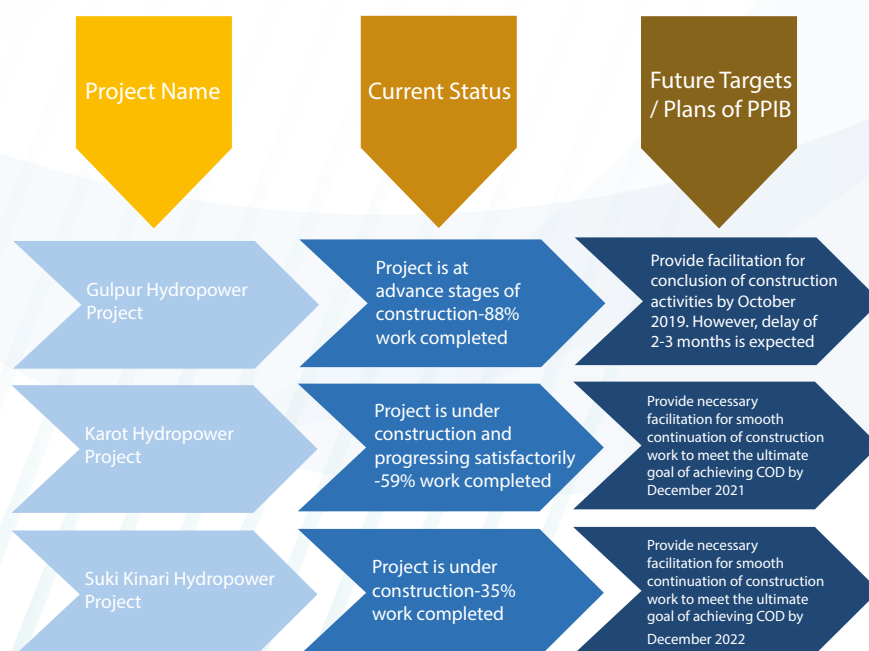
STATUS OF UPCOMING HYDROPOWER PROJECTS



The above mentioned portfolio of projects include following six projects of 1,547 MW which will be advertised and awarded by PPIB to potential investors through International Competitive Bidding (ICB) for their development, financing, construction and operations in accordance with the relevant provisions of applicable Policies and subject to verification of demand-supply situation by the Government.

- 548 MW Kaigah Hydropower Project - Proposed to be developed on Indus River, Khyber Pakhtunkhwa
- 500 MW Chakothi-Hattian Hydropower Project – Proposed to be developed on Jhelum River, Hattian, AJ&K.
- 132 MW Rajdhani Hydropower Project - Proposed to be developed on Poonch River, AJ&K
- 80 MW Neckeherdim-Paur Hydropower Project - Proposed to be developed on Yarkun River, Chitral Valley, KP
- 157 MW Madian Hydropower Project - Proposed to be developed on Swat River, KP
- 130 MW Sehra Hydropower Project - Proposed to be developed on Poonch River, AJ&K

Project wise current status of pipeline hydro IPPs and PPIB's targets / plans for developing these projects is appended as follows;



Project Name	Current Status	Future Targets / Plan of PPIB
Azad Pattan Hydropower Project	LOS has been issued by PPIB-FC in progress	Expedite the project for achievement of FC by December 2020. Project is set to achieve COD by June 2025
Kohala Hydropower Project	LOS has been issued by PPIB-FC in progress	Expedite the project for achievement of FC by December 2019. Project is set to achieve COD by June 2026
Ashkot Hydropower Project	The project has been transferred by GoAJ&K to PPIB for further processing - Currently the evaluation of Project is in process	PPIB to complete evaluation process at earliest for issuance of LOI. Project is set to achieve COD by December 2026
Mahl Hydropower Project	LOI has been issued LOS in progress	LOS will be issued by PPIB once NEPRA's decision on Tariff Review Petition is announced. Project is targeted to come online by June 2028
Athmuqam Hydropower Project	LOI issued. Draft Feasibility Study Report Submitted by Sponsors	Approval of Feasibility Study by PPIB/POE after which LOS will be issued by PPIB. Project is set to be completed by December 2028
Turtonas-Uzghor Hydropower Project	LOI issued. Feasibility Study approved by PPIB/POE. LOS in progress	Expedite the project for issuance of LOS. Project is set to achieve COD by December 2028
Kaigah Hydropower Project	Project is on hold till the finalisation of demand-supply study of the GoP	Will be advertised by PPIB in accordance with the timelines of demand-supply study of the GOP. Not likely to achieve COD before 2028
Chakothi-Hattian Hydropower Project	Project is on hold till the finalization of demand-supply study of the GOP	Will be advertised by PPIB in accordance with the timelines of demand-supply study of the GOP. Not likely to achieve COD before 2028
Rajdhani Hydropower Project	Project is on hold till the finalization of demand-supply study of the GOP	Will be advertised by PPIB in accordance with the timelines of demand-supply study of the GOP. Not likely to achieve COD before 2028
Neckeherdim-paur Hydropower Project	Project is on hold till the finalization of demand-supply study of the GOP	Will be advertised by PPIB in accordance with the timelines of demand-supply study of the GOP. Not likely to achieve COD before 2028
Madian Hydropower Project	Project is on hold till the finalization of demand-supply study of the GOP	Will be advertised by PPIB in accordance with the timelines of demand-supply study of the GOP. Not likely to achieve COD before 2028
Sehra Hydropower Project	Project is on hold till the finalization of demand-supply study of the GOP	Will be advertised by PPIB in accordance with the timelines of demand-supply study of the GOP. Not likely to achieve COD before 2028

Development of Small Hydropower Projects

In order to get maximum quantum of electricity from identified hydropower potential of 60,000 MW, PPIB has been given another important task of implementing Small Hydropower Projects (SHPPs) up to the capacity of 50 MW. The Board of PPIB in its 122nd meeting held on 19th February 2019 approved processing of SHPPs initiated by the Provincial / AJ&K governments for issuance of Tripartite LOS (TLOS) under the Power Policy 2015. It was inter-alia decided by the Board that small hydropower projects already initiated by provinces / AJ&K will be processed further under Power Policy 2015 and the TLOS will be issued by PPIB after fulfilment of pre-requisites and achievement of three major milestones; including tariff determination / approval by NEPRA (in case the same is more than one year old, a fresh tariff from NEPRA would be required), NOC for power evacuation and grid interconnection from NTDC and / or relevant DISCO and CPPAG-L's consent for purchase of power. In this regard, Board of PPIB in its 123rd



meeting held on 6th May 2019 approved issuance of TLOS to following two SHPPs initially which fulfil the above criteria:

7.08 MW Riali-II Hydropower Project located on Ghorī Wala Nullah, Muzaffarabad AJ&K
8 MW Kathai-II Hydropower Project located on Kathai Nullah, Hattian, AJ&K

Till 30th June 2019, PPIB was fully mobilized in engaging the Sponsors of both SHPPs for fulfilling prerequisites before issuance of TLOS under the Power Generation Policy 2015. Witnessing the pace of work on the matter, it is anticipated that TLOS would be issued to both projects by PPIB before the end of 2019. This initiative will attract and encourage potential investors in developing small to medium size

hydropower power projects in the country particularly in AJ&K, GB and Punjab which will further augment clean, green and cheap generation capabilities. This will also enhance the confidence of investors in investing in Private Power Projects of country and contribute harnessing the large potential of hydropower projects.

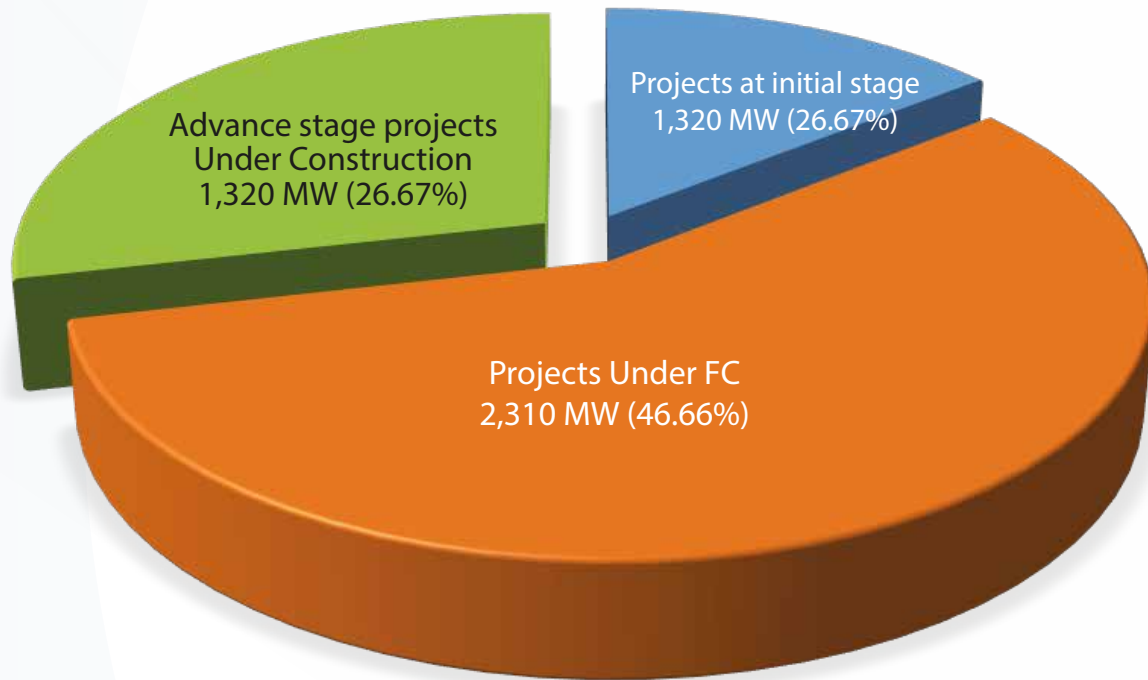
Increased Prioritization of Thar Coal for Power Generation

Thar coal is another indigenous resource which PPIB is prioritizing for future power generation. Currently, the portfolio of Thar coal based power generation



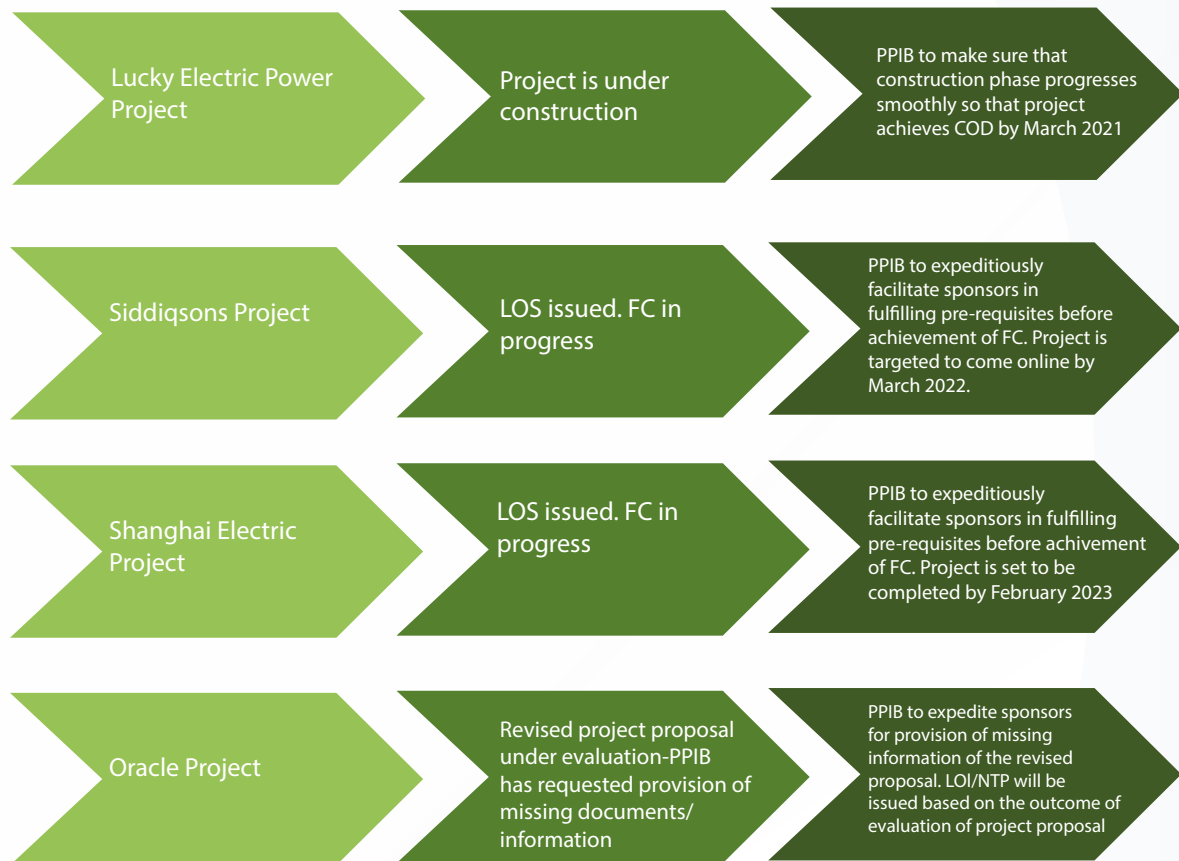
projects comprises of seven projects of 4,950 MW which are at different stages of development. The generation capacities of these projects range between medium size of 330 MW to mega size of 1,320 MW and these projects are planned to be completed during 2019-2023. At present, majority of these projects are at advance to very advance stages. There is only one project which is at initial stage of issuance of LOI while rest of all other projects are at post LOS stages, some are about to achieve FC while few are under construction. The portfolio of Thar coal based IPPs is being processed by PPIB under the provisions of Power Generation Policy 2015 and PPIB's future plan would be to ensure expeditious advancement of these projects in accomplishing various prerequisites. Current status of Thar coal based Power projects is shown in the image on the following page:

Status of Upcoming Thar Coal based Power Projects



PPIB's targets for processing pipeline projects based on Indigenous/Thar coal is as follows:

Project Name	Current Status	Future Targets / Plans of PPIB
Engro Thar Coal Project	Project is partially commissioned	Make sure completion of full project by June 2019
Thar Energy Limited Project	LOS issued. FC in progress	PPIB to expeditiously facilitate sponsors in fulfilling pre-requisites before achievement of FC. Project is targeted to come online by March 2021.
Thal Nova Project	LOS issued. FC in progress	PPIB to expeditiously facilitate sponsors in fulfilling pre-requisites before achievement of FC. Project is targeted to come online by March 2021.



It is indubitable that Thar coalfield has a potential to be financially profitable, technically reliable, environmentally sound and socially responsible, and can meet the power needs of Pakistan for many decades to come. The first ever Thar coal based project is about to achieve COD as both units (each 330 MW) of 660 MW Engro Power have successfully been synchronized with the national grid in the months

of March and April 2019 while extensive testing of both power units is in progress which is likely to be completed by July 2019. In pursuit of attaining energy security, PPIB would continue to promote Thar coal for power generation and in this regard fully prepared to implement new projects in accordance with the outcome of demand-supply study of the GoP to avoid any less or surplus electricity.

Completion of Ongoing Projects based on Imported Coal and RLNG

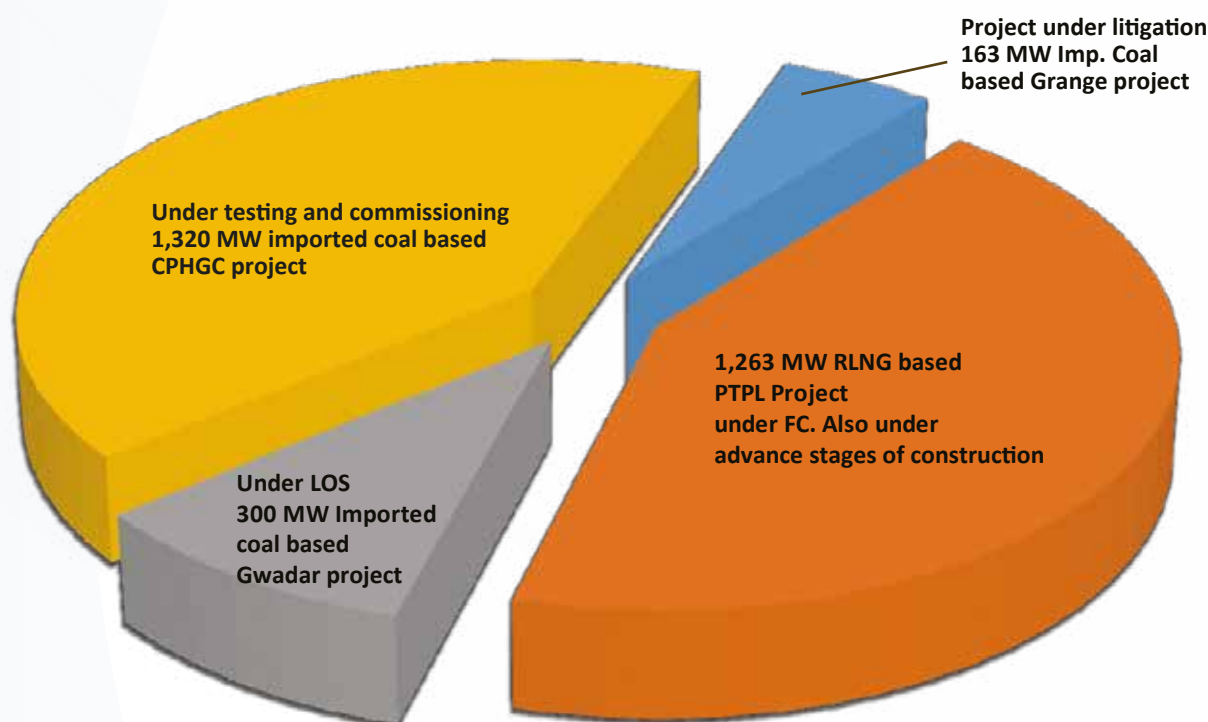
With regard to processing imported fuels based power generation projects, PPIB in line with the policy of the GoP is already operating with minimum focus on imported fuels and in order to honour contractual obligations, processing only those projects which were conceived earlier to the said decision.

Currently, PPIB is processing one RLNG based project of 1,263 MW and three imported coal based projects of 1,783 MW. These projects are also at advance stages of implementation, out of which RLNG based project is under construction however, it is yet to achieve FC while 1,320 MW imported coal based project at Hub is completed and currently in the process of testing and commissioning and expected to

achieve COD during July-August 2019 while RLNG based project is set to achieve COD by April 2020.

These projects are being processed by PPIB under the provisions of Power Generation Policy 2015. It is important to mention here that although the coal based power generation projects which have already been commissioned and those which will be commissioned in near future will utilize imported coal as fuel, however, such plants also have the capability of blending Thar coal upon its availability on commercial basis. Current status of imported fuels based (RLNG & Coal) Power projects is appended in the following image:

Status of Upcoming Imported Coal and RLNG based Power Projects



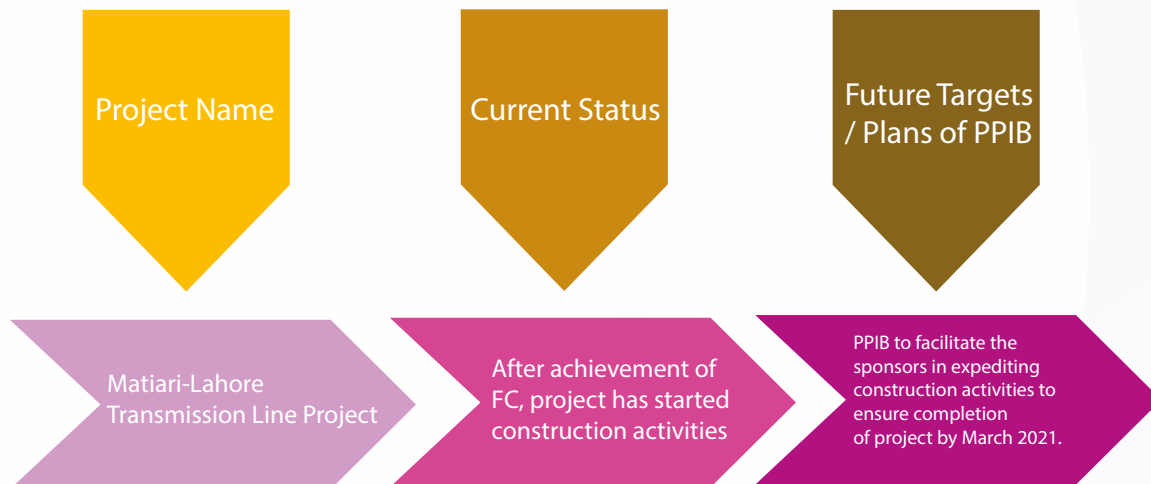
PPIB's future targets for processing imported fuels based IPPs are given hereunder:

Project Name	Current Status	Future Targets / Plans of PPIB
CPHGC Power Project	Construction work completed. Testing & commissioning in progress	PPIB to expedite achievement of COD by August 2019.
Gwadar Power Project	LOI issued. Tariff determination in progress which will pave way for issuance of LOS	Once tariff is determined by NEPRA, PPIB will issue LOS. Project is set to achieve COD by last quarter of 2022.
Grange Power Project	Project failed to achieve FC within stipulated time frame. Notice of PG encashment is under litigation.	Matter is under litigation
PTPL RLNG Power Project	LOS issued. FC in progress. Construction activities also in progress & so far 80% work completed.	PPIB to ensure achievement of FC and completion of remaining 20% construction work at earliest to accomplish the ultimate goal of achieving COD by April 2020

Development of Robust Transmission Network

As discussed in the previous chapters, PPIB is actively processing the \pm 660 kV Matiari-Lahore HVDC Transmission Line Project under CPEC. Project is progressing well and likely to be completed

within stipulated timeline which is March 2021. Current status and future targets/plans of PPIB for implementing this project of national importance are summarized as follows:



The Energy Wing of the Planning Commission, Ministry of Planning, Development & Reform earlier communicated minutes of Central Development Working Party (CDWP)'s meeting held on 24th May 2018, wherein the CDWP inter alia constituted a Steering Committee comprising members from Planning Commission, Ministry of Energy (Power Division), NTDC & PPIB (Steering Committee) for identification of list of transmission line projects and for overseeing preparation of the Security Package (Transmission Services Agreement-TSA, Implementation Agreement-IA, etc.) to conduct International Competitive Bidding (ICB).

Since it would be the first ever ICB for award of transmission line project(s) to private sector, preparation of appropriate bidding documents including Request for Proposal (RFP), Security Package are of utmost importance. Accordingly,

possibility of seeking assistance of international donors i.e. World Bank (WB) or USAID/Sustainable Energy for Pakistan (SEP), for conducting ICB for Transmission Line Projects was duly explored by the Steering Committee.

Several meetings of the Steering Committee have been held to deliberate upon way forward for development of appropriate framework for implementation of transmission projects through private sector and finalize the list of candidate projects to be offered in first round of bidding, in consultation with SEP/USAID. It is anticipated that after agreement with SEP/USAID for assistance in subject initiative, a Consultant will be engaged by USAID/SEP for preparation of standardized RFP and Security Package documents for conducting ICB pursuant to provisions of the Policy Framework for Private Sector Transmission Line Projects, 2015.

New Proposals based on Gas for Power Generation

In addition, certain new proposals based on gas from dedicated fields have been proposed by relevant E&P companies under 2015 Power Policy provisions, which are being reviewed.

Competitive Trading Bilateral Contract Market

In perspective of fundamental shift in the entire power system model in the country to make it operationally and financially viable, GoP is planning to implement Competitive Trading Bilateral Contract Market (CTBCM) which basically aims at transition of existing market from single buyer model to a competitive wholesale power market. The objectives of CTBCM include;

- Create the conditions for a fair allocation of risk and benefit sharing between investors/sellers and buyers/consumers
- Level the playing field removing conflict of interest to facilitate entry of new investors and participation of private players, including Bulk Power Customers
- Create the conditions to attract investments based on credit cover provided by market participants, without the need of the government providing sovereign guarantees
- Pressure on the payment discipline
- Improve efficiency arising from competition for the market (new capacity procurement) and in the market (optimization through centralized economic dispatch within system security

constraints, to maximize the economic benefits of available resources and promote efficiency)

- Enhance power sector security of supply, generation adequacy, to develop power sector sustainability in the short, medium and long term
- Ensure accountability of all Participants and Service Providers
- Ensure transparency and predictability
- Open access to information

Having extended list of success stories on its credit has given PPIB a unique status among other stakeholders. From implementing IPPs program in 1994, 2002 and 2015, efficient handling of gigantic CPEC energy chapter, delivery of first two hydro IPPs and first Thar coal based IPP, long list of upcoming indigenous coal and hydro based projects, processing first ever private transmission line project and also Small Hydropower Projects are some of the iconic highlights of PPIB's excellent track record. PPIB being one of the key departments of the GoP in the Power Sector is again ready to play important role in implementing CTBCM in the near future for sustainable development of Power Sector.



Corporate Brilliance

IT Governance

Governance at a corporate level includes the processes through which a company's objectives are set and pursued in the context of the social, regulatory and market environment. It is concerned with practices and procedures for trying to make sure that a company is run in such a way that it achieves its objectives. PPIB has well defined rules, processes, and laws by which PPIB functions efficiently. Over the time, PPIB has left no stone unturned to achieve a high degree of corporate governance by exercising world's best practices. PPIB has ensured

transparency of processes and brought efficiency in the business operations through IT, aligned with world's best practices, automation of core business processes, digitization of record, vigilant internal monitoring systems for processing Power Projects, placement of Decision Support System which contains updated and latest information/data with regard to attendance, budget control, Board's minutes, scanned record etc that provides comfort to the Senior Management in well informed decision making process.

We in PPIB Build Teams Utilize Their Synergy to Bring Energy in Our Country

Human Resource Management plays active role in the strategic positioning of PPIB. PPIB as an organization is at forefront to mitigate power shortages in the country. We can safely say that PPIB is a world class organization of around 50 professionals which managed to induct 39 IPPs of 17,449 MW of power with cumulative investment of around US\$ 20 billion. All this unprecedented accomplishments are achieved

by Human Capital of PPIB. The role of HR Section from selection, development, retention to productivity and efficiency is evident from the performance of PPIB as organization. HR Section played a prominent role in achieving the organization's strategic plans and objectives during the FY 2018-19 by updating its HR policies, plans and SOPs. Following are few major contributions:

Employees Development

As per global best practices the progress wheel of organizations begins with the induction of Human Capital. The competitive edge in the market is mainly dependent on human capital so one bad decision during recruitment can cost heavy in term of productivity and efficiency of the organization.

PPIB successfully managed to recruit, progress employees during the year 2018-2019 as per requirement of different sections and handled recruitment, selection and retention policies efficiently. PPIB recognizes the potential of current employees and arranged for deserving employees to progress and take more senior roles by following proper succession plan.

Recruitment, Selection and Retention

PPIB believes that the performance measurement based on fairness and transparency indicates true potential of the organizational efficiency which is incumbent upon the efficiency of HR Capital. Since continuous improvement is always required at all functional areas which include but not limited to Performance Management System.

During current year PPIB has improved its Performance Management System by developing new Performance Evaluation Report (PER) to make it more objective on the pattern of Management by Objective (MBO) system and incorporating feedback mechanism as per PPIB Regulation.

Event Management

During the financial year 2018-19, number of events were arranged which include visits of foreign delegations to Pakistan for exploring investment opportunities in the power sector of Pakistan. PPIB successfully managed following events by making logistic arrangements for meetings of PPIB and GoP officials with the delegates.

- i. Consultative Workshop on Renewable Energy Policy and Development held on November 20, 2018 at Marriot Hotel, Islamabad.



- ii. 9th meeting of SAARC Working Group on Energy on 8-9 April 2019 at Hotel Margala, Islamabad.



- iii. 5th Energy Planning Expert Panel Meeting on CPEC on 17 – 18 June 2019 at Auditorium P-Block, Islamabad.



- iv. Visit of Turkmenistan delegation on 29-30th April, 2019.



Health and Safety

A seminar for PPIB employees on work place health issues such as; (i) Prevention of computer vision syndrome and improvement of your eye health; (ii) Correct posture and work place changes to reduce physical strain and prevention of physical stress at work; (iii) How to protect your heart from the stress at work; and (iv) Healthy diet to prevent obesity and

maintaining your energy at work was organized at PPIB on 2nd and 3rd January 2019. A panel of doctors from Consultants-Place, a project of Excel Labs gave presentations on the above mentioned health issues and explained in detail how to avoid such issues. Some pictures of the seminar are appended below.



Sports Event

PPIB Cricket Team participated in the 3rd Corporate Amateur Cup-Season-III organized by Sportsfever360.com in October 2018 at Islamabad. About 16 teams participated in the event, which were equally divided in two groups. Cricket matches were held on different grounds managed by PCB. All teams'

players were provided with colored branded kits by the organizers. Two matches per team at pool stage were live streamed with commentary and updates on social media were uploaded. PPIB team performed very well in the tournament. A group photo of PPIB Eleven that participated in the event is as follows:



**A PHOTO OF PPIB CRICKET TEAM
3RD CORPORATE AMATEUR CUP SEASON III OCT-NOV 2018 ISLAMABAD**

Balloting for Hajj 2019

Corporate social responsibility studies prove that an employee is increasingly a key stakeholder for companies. Organizations in modern era are starting to think about their workforce as a real opportunity to manage and improve their human capital. Employees welfare and benefit schemes are particularly important in this perspective and top companies are investing significantly in this direction. PPIB's culture reflects the belief that its employees are biggest asset as well as greatest investment for future. PPIB introduces various welfare schemes for its workforce from time to time, Hajj being one of these is in practice since 2017.

Under the PPIB's Hajj scheme, each year an employee from staff grades SG-I to SG-IV is picked through balloting who is sponsored by PPIB from its own exchequer for performing Hajj. Accordingly, for the year 2019, balloting was conducted in PPIB which was attended by the employees fall in staff grades SG-I to SG-IV. The ballot slips were picked by Managing Director, Senior Executive Director HR & IT and Directors. As a result, Mr. Shabbir Ahmed, Office Boy (SG-II) was declared a lucky person to perform Hajj for the year 2019 at PPIB's expense.

Media and Public Relations

PPIB is a strong believer of maintaining cordial relations with public and electronic as well as social and print media. It increases transparency & trust and also enhances inter and intra organizational collaboration. PPIB has enjoyed good healthy relations with all forms of media and used this platform quite efficiently for projecting its positive and soft image as one-window facilitator for private investors in the power sector of Pakistan.

PPIB has engaged media in celebrating various success stories and other campaigns / activities which include investment drives, publication of policy documents, guidelines, informative publications in the forms of books (highlighting hydro and coal potential etc), news releases, flyers, articles, messages, tickers, interviews, clarifications, rebuttals and advertisements etc on occasional basis for information of the general public, media, investors, policy makers, researchers, academia etc.

During FY-19, PPIB achieved significant success in realizing the dream of transforming Pakistan from energy deficient country to energy rich country. These achievements were highlighted all over the country as well as the world through news releases for which print, electronic and social media was used. The same

were also placed at prominent places of PPIB's website. Various other governmental platforms such as APP, PTV and PID were also engaged for dissemination of information to maximum numbers.

Apart from celebrating Projects' completion, various other milestones and activities which are considered to be important prerequisites which can impact on projects' development processes were also widely circulated utilizing different tools of media and public relations. These include;

- Financial Close of Pakistan's first Private Sector HVDC Matiari-Lahore 4,000 MW Transmission Line Project,
- Promotion ceremony for the development of 1,124 MW Kohala which is the largest hydro IPP of the country.
- River Closure of one of the biggest CPEC based 720 MW Karot Hydropower Project,
- Advancement of 640 MW Mahl Hydropower Project through tariff determination,
- Completion of Feasibility Study of 58 MW Turtonas Uzghor Hydropower Project.





During FY-19, six meetings of the Board of Directors of PPIB were held under the chairmanship of the Honorable Minister for Power. The decisions taken in these meetings were circulated to the print as well as electronic media in the shape of news releases alongwith photographs and video footages. These meetings were given ample time and coverage in the news bulletins of government and private TV channels. News releases were issued in English and Urdu to ensure that the news are reached to all sections of society and to make people aware about the latest developments taking placed in the power sector.

In addition to Board meetings, various other meetings and events were held and most of them were highlighted in the media both print and electronic. News Releases along with photographs of various meetings were issued for information of the power sector stakeholders as well as for general public. Furthermore, promotional material including standees, backdrops, documentaries etc is also arranged on the fall of special event.





For highlighting PPIB performance, media campaigns are launched from time to time through which major activities and achievements of PPIB in the field of power generation and allied infrastructure are projected in the shape of promotional news releases, writes-ups/articles in leading Urdu and English newspapers of country. Supplements and advertisements are issued on fall of special occasions such as ground breakings, inaugurations and CODs of IPPs, visits of high level foreign delegations, etc. Future ambitions of PPIB towards improving energy security, reliability, affordability and sustainability in the system are also given due space in these promotional campaigns.

Courtesy the effective media strategy adopted by PPIB, it has managed to keep healthy relations with media and the masses. In order to avoid conflicts and adverse reporting, PPIB has always been prompt in responding to certain queries and clarifications raised by journalists/reporters from time to time

Due to effective media management, PPIB has been able to develop soft image of the organization as One Window Facilitator among the investors, general public and the stake holders.



AUDITED STATEMENT OF INCOME AND EXPENDITURE, BALANCE SHEET OF PPIB FOR THE YEAR 2018-19

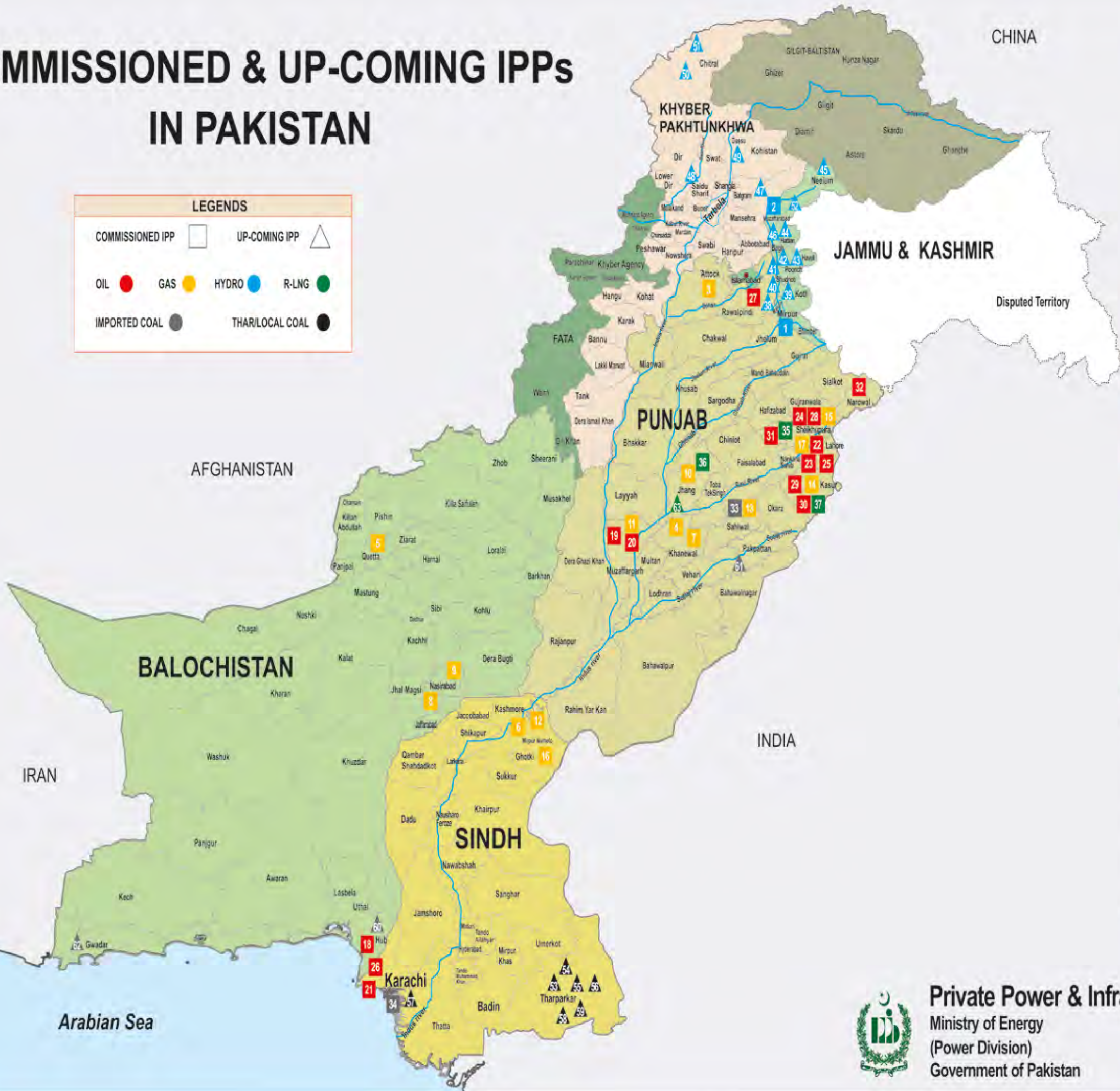
AUDITED STATEMENT OF INCOME AND EXPENDITURE, BALANCE SHEET OF PPIB FOR THE YEAR 2018-19

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

The accounts for the period 2018-19 have been audited by Riaz Ahmed and Company, Chartered Accountants are placed at Appendix-II. The auditors have issued an un-qualified report.

APPENDICES

COMMISSIONED & UP-COMING IPPs IN PAKISTAN



Summary



List of Projects

Commissioned IPPs – Hydropower		Commissioned IPPs – R-LNG	
1. 84 MW New Bong Project		35. 1180 MW Bhikki Power Project	
2. 147 MW Patrind Project		36. 1230 MW Havelli Bahadur Shah Power Project	
Commissioned IPPs – Gas		Upcoming IPPs – Hydropower	
3. 31 MW Altern		38. 720 MW Karot	
4. 157 MW Fauji Kabirwala		39. 102 MW Gulpur	
5. 140 MW Habibullah		40. 700 MW Azad Pattan	
6. 235 MW TNB Liberty		41. 640 MW Mahl	
7. 450 MW Rousch		42. 132 MW Rajdhani	
8. 586 MW Uch		43. 130 MW Sehra	
9. 404 MW Uch-II		44. 500 MW Chakothi-Hattian	
10. 10.5 MW Davis		45. 350 MW Athmuqam	
11. 1638 MW KAPCO		46. 1124 MW Kohala	
12. 227 MW Engro		47. 870 MW Suki Kinari	
13. 229 MW Salf		48. 157 MW Madian	
14. 229 MW Orient		49. 548 MW Kaligah	
15. 225 MW Sapphire		50. 82 MW Turtonas-Uzghor	
16. 185 MW Fauji Daharki		51. 80 MW Neckerdim-Paur	
17. 225 MW Halmore		52. 300 MW Ashkot-HPP	
Commissioned IPPs – Oil		Upcoming IPPs – Local/Thar Coal	
18. 1292 MW Hub		53. 660 MW Engro	
19. 362 MW Lalpur		54. 1320 MW Shanghai	
20. 365 MW Pak Gen		55. 330 MW Hub	
21. 136 MW Gul Ahmed		56. 330 MW ThaiNova	
22. 120 MW Japan Power		57. 660 MW Lucky	
23. 131 MW Kohinoor		58. 330 MW Siddiqsons	
24. 134 MW Saba		59. 1320 MW Oracle	
25. 117 MW Southern Electric		Upcoming IPPs – Imported Coal	
26. 126 MW Tapal		60. 1320 MW Hub	
27. 165 MW Attock Gen		61. 163 MW Grange	
28. 225 MW Atlas		62. 300 MW Gawadar	
29. 200 MW Nishat		Upcoming IPPs – R-LNG	
30. 200 MW Nishat Chunian		63. 1263 MW Punjab Thermal Power Project	
31. 200 MW Liberty Power			
32. 220 MW HUBCO-Narowal			
Commissioned IPPs – Imported Coal			
33. 1320 MW Sahiwal			
34. 1320 MW Port Qasim			



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

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

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 2019, 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 2019, 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 director's 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.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

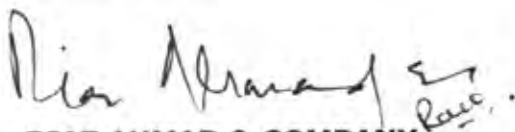
Riaz Ahmad & Company

Chartered Accountants

- 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: 19 JUN 2020

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		2019	2018
	NOTE	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property and equipment	4	50,704	54,557
Intangible assets	5	1,158	1,357
Long term investments	6	85,034	104,042
Loans and advances	7	39,319	23,849
Deferred income tax asset	8	3,545	33,810
		<u>179,760</u>	<u>217,615</u>
CURRENT ASSETS			
Advances, prepayments and other receivables	9	97,270	143,457
Advance tax	10	5,416	27,248
Short term investments	11	1,749,897	1,386,162
Cash and bank balances	12	103,672	206,451
		<u>1,956,255</u>	<u>1,763,318</u>
CURRENT LIABILITIES			
Provision against performance guarantees encashed	13	828,466	650,398
Staff gratuity	14	51,732	111,886
Accrued and other liabilities	15	91,416	148,954
		<u>971,614</u>	<u>911,238</u>
NET ASSETS		<u><u>1,164,401</u></u>	<u><u>1,069,695</u></u>
REPRESENTED BY:			
PPIB fund	16	1,125,042	1,008,517
Investments revaluation reserve		39,359	61,178
		<u><u>1,164,401</u></u>	<u><u>1,069,695</u></u>
CONTINGENCIES AND COMMITMENTS	17		

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


MANAGING DIRECTOR


BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	NOTE	(Rupees in thousand)	
INCOME			
Income from operations	18	499,683	624,571
Income from financial assets	19	224,415	110,317
Other income		2,430	1,430
		<u>726,528</u>	<u>736,318</u>
EXPENDITURE			
Salaries and benefits	20	479,327	532,986
Repair and maintenance	21	6,130	5,184
Printing and stationery	22	2,063	2,619
Professional and legal services fee		3,421	29,672
Board meeting expenses		2,540	3,689
Traveling expenses		7,730	6,026
Office / ground rent		27,936	28,294
Telephone, fax, postage and courier		1,760	1,590
Fixed assets insurance		1,071	940
Utilities		5,650	3,791
Audit fee	23	693	363
Depreciation	4	11,328	11,074
Amortization	5	199	154
Finance cost	24	2,754	716
Advertisement expenses		1,709	3,997
Other expenses	25	6,999	14,456
		<u>561,310</u>	<u>645,551</u>
PROFIT BEFORE TAXATION		<u>165,218</u>	<u>90,767</u>
Taxation	26	(55,640)	(5,136)
PROFIT AFTER TAXATION		<u>109,578</u>	<u>85,631</u>

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


MANAGING DIRECTOR


BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	(Rupees in thousand)	
PROFIT AFTER TAX	109,578	85,631
OTHER COMPREHENSIVE INCOME		
Items that will be subsequently reclassified to income and expenditure		
Deficit on remeasurement of investments to fair value	(22,103)	(23,073)
Deferred income tax	284	757
	(21,819)	(22,316)
Items that will not be subsequently reclassified to income and expenditure		
Remeasurement of defined benefit plan	9,784	1,484
Deferred income tax	(2,837)	(430)
	6,947	1,054
Other comprehensive loss - net of tax	(14,872)	(21,262)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>94,706</u>	<u>64,369</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 2019

	PPIB fund	Investments revaluation reserve	Total
----- (Rupees in thousand) -----			
Balance as at 30 June 2017	921,832	83,494	1,005,326
Profit for the year	85,631	-	85,631
Other comprehensive income / (loss) for the year	1,054	(22,316)	(21,262)
Total comprehensive income / (loss) for the year	86,685	(22,316)	64,369
Balance as at 30 June 2018	1,008,517	61,178	1,069,695
Profit for the year	109,578	-	109,578
Other comprehensive income / (loss) for the year	6,947	(21,819)	(14,872)
Total comprehensive income / (loss) for the year	116,525	(21,819)	94,706
Balance as at 30 June 2019	<u>1,125,042</u>	<u>39,359</u>	<u>1,164,401</u>

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


MANAGING DIRECTOR


BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

2019
(Rupees in thousand)

2018

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax	165,218	90,767
Adjustments for non-cash and other items:		
Depreciation	11,328	11,074
Amortization	199	154
Return on held to maturity investments	(73,566)	(48,992)
Income on bank deposits	(8,810)	(7,861)
Interest on loan to employees	(3,439)	(2,564)
Provision for staff gratuity	32,218	30,782
Provision for leave encashment	16,382	16,813
Provision for other receivables	-	(2,626)
Gain on sale of property and equipment	(2,031)	(1,270)
Unrealized foreign exchange gain - net	(135,063)	(50,900)
Net cash generated from operating activities	2,436	35,377

Effect of working capital changes:

Decrease / (increase) in advances, prepayments and other receivables	44,228	(1,898)
(Decrease) / increase in accrued and other liabilities	(59,851)	68,123
	(15,623)	66,225

Gratuity paid	(82,588)	-
Leave encashment paid	(14,069)	(13,936)
Performance guarantee repaid	-	(31,350)
Taxes paid	(6,096)	(2,807)
	(102,753)	(48,093)
Net cash (used in) / generated from operating activities	(115,940)	53,509

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure on property and equipment	(7,475)	(5,154)
Proceeds from sale of property and equipment	2,031	1,270
Intangible assets acquired	-	(483)
Decrease in long term loans and advances	(12,293)	(1,798)
Return on bank deposits	7,592	7,861
Interest on loan to employees	3,439	2,564
Return on held to maturity investments received	59,851	34,105
Investment made - net	(353,115)	(462,734)
Net cash used in investing activities	(299,970)	(424,369)

CASH FLOWS FROM FINANCING ACTIVITIES

NET DECREASE IN CASH AND CASH EQUIVALENTS	(415,910)	(370,860)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	206,451	518,907
EFFECT OF EXCHANGE RATE CHANGES	313,131	58,404
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	103,672	206,451

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


MANAGING DIRECTOR


BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 PPIB 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 PPIB'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 PPIB'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 PPIB. Further, PPIB 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

PPIB operates funded scheme of gratuity for all employees of PPIB, 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's 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.

Income tax

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

2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to PPIB

Following standards, interpretations and amendments to published approved accounting standards are mandatory for PPIB's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

PPIB had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 3.3 and note 3.10. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for PPIB's accounting periods beginning on or after 01 July 2019 or later periods:

Amendments to IAS 19 'Employee Benefits' – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, the PPIB now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of the amendment is not likely to have an impact on these 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 PPIB'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 PPIB's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

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 PPIB'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: re-introduces 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 other 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 01 January 2020 for preparers that develop an accounting policy based on the Framework.

2.6 Standards, interpretations and amendments to approved published standards that are not yet effective and not considered relevant to PPIB

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on PPIB'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 amortized in full over the useful life of these assets. Leasehold land is carried at cost less impairment, if any.

Subsequent costs are included in the assets' carrying amount when it is probable that future economic benefits associated with the item will flow to PPIB and 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

PPIB has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless PPIB makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to PPIB's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of PPIB. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

PPIB has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

PPIB initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, PPIB classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether PPIB has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. PPIB reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in income and expenditure account.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

PPIB subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where PPIB's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when PPIB's right to receive payments is established

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii. Impairment of financial assets

From 01 July 2018, PPIB assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, PPIB applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv. De-recognition

a) Financial assets

PPIB derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by PPIB is recognized as a separate asset or liability.

a) Financial liabilities

PPIB derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v. Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and PPIB intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

vi. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by PPIB during the year ended 30 June 2019.

vii. Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, PPIB's management has assessed which business models apply to the financial assets held by PPIB at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Reclassifications of financial instruments on adoption of IFRS 9

Financial assets (01 July 2018)

	Available for sale (AFS)	FVTOCI
... Rupees in thousand ...		
Opening balance (before reclassification)	104,042	-
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(104,042)	104,042
Opening balance (after reclassification)	-	104,042

The impact of these changes on the PPIB's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments
.... Rupees in thousand		
Opening balance (before reclassification)	61,178	-
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	(61,178)	61,178
Opening balance (after reclassification)	-	61,178

There is no effect on total equity as a result of adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments.

As on 01 July 2018, the classification and measurement of financial instruments of PPIB were as follows:

Measurement category		Carrying amounts		
Original	New	Original	New	Difference
(IAS 39)	(IFRS 9)	RUPEES IN THOUSAND		

Non-current financial assets

Long term investments	Available for sale	FVTOCI	104,042	104,042
Loans and advances	Loans and receivables	Amortised cost	23,849	23,849

Current financial assets

Advances and other receivables	Loans and receivables	Amortised cost	144,224	144,224
Short term investments	Held to maturity	Amortised cost	1,386,162	1,386,162
Cash and bank balances	Loans and receivables	Amortised cost	206,451	206,451

Current financial liabilities

Accrued and other liabilities	Amortised cost	Amortised cost	100,373	100,373
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3.4 Trade debts and other receivables

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

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

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

3.5 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.

3.6 Employee retirement benefits

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

3.6.1 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 are 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 reporting date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at 30 June 2019.

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

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

3.6.2 Defined contribution plan

PPIB operates and manages a 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.

3.7 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.

3.8 Taxation

Income tax expense comprises of current and deferred tax.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

3.9 Revenue recognition

Income as presented in the statement of comprehensive income is the revenue as defined under IFRS 15 - Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity shall apply about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. On evaluation of the performance obligations associated with the stream of revenues, adoption of IFRS 15 does not trigger a change in the PPIB's accounting policies with respect to its revenue which are enumerated below.

- 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 on meeting performance obligation which is dependent upon approval of Board.

Revenue from profit on bank balances, investments, operations and other income is recognized on accrual basis. Dividend income is recognized 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.

3.10 Operating leases

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

3.11 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.

3.12 Foreign currencies

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

3.13 Cash and cash equivalents

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

3.14 Provisions

Provisions are recognized when PPIB has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

PROPERTY AND EQUIPMENT

	Leasehold land	Furniture and fixtures	Leasehold improvements	Computer equipment	Office equipment	Air conditioners	Vehicles	Books, tools and spares	Capital work in progress	Total
									Note 4.1	
Rupees in thousand										
As at 01 July 2017										
Cost	15,014	6,834	17,200	17,309	5,996	492	22,502	906	15,649	102,902
Accumulated depreciation	-	3,910	5,516	13,106	4,473	160	14,534	726	-	42,425
	<u>15,014</u>	<u>2,924</u>	<u>11,684</u>	<u>4,203</u>	<u>2,523</u>	<u>332</u>	<u>7,968</u>	<u>180</u>	<u>15,649</u>	<u>60,477</u>
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
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>	<u>54,557</u>
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
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>	<u>54,557</u>
Year ended 30 June 2019										
Opening net book value	15,014	2,708	6,008	6,059	1,969	258	6,752	123	15,666	54,557
Additions	-	1,354	-	1,067	108	-	4,911	35	-	7,475
Disposals:										
Cost	-	75	-	1,587	132	-	3,866	-	-	5,660
Accumulated depreciation	-	(75)	-	(1,587)	(132)	-	(3,866)	-	-	(5,660)
Depreciation charge	-	466	5,426	1,868	667	74	2,781	46	-	11,328
	<u>15,014</u>	<u>3,596</u>	<u>582</u>	<u>5,258</u>	<u>1,410</u>	<u>184</u>	<u>8,882</u>	<u>112</u>	<u>15,666</u>	<u>50,704</u>
At 30 June 2019										
Cost	15,014	8,399	17,200	20,110	7,090	492	22,964	941	15,666	107,876
Accumulated depreciation	-	4,803	16,618	14,852	5,680	308	14,082	829	-	57,172
	<u>15,014</u>	<u>3,596</u>	<u>582</u>	<u>5,258</u>	<u>1,410</u>	<u>184</u>	<u>8,882</u>	<u>112</u>	<u>15,666</u>	<u>50,704</u>
Rate of depreciation (per annum)	-	10%	33%	20%	15%	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.

5 INTANGIBLE ASSETS - Computer softwares	NOTE	2019 (Rupees in thousand)	2018
Year ended 30 June			
Opening book value		1,357	1,028
Additions		-	483
Amortization		199	154
Closing net book value		<u>1,158</u>	<u>1,357</u>
Cost as at 30 June		2,068	2,068
Accumulated amortization		910	711
Net book value		<u>1,158</u>	<u>1,357</u>
Amortization rate		10%	10%

6 LONG TERM INVESTMENTS

Fair value through other comprehensive income

National Investment Trust (NIT) 1,563,112 units (2018: 1,517,960 units)	107,137	127,115
Deficit on remeasurement of investment to fair value	(22,103)	(23,073)
	<u>85,034</u>	<u>104,042</u>

7 LOANS AND ADVANCES

Loans and advances - considered good	7.1 & 7.2	51,007	38,714
Less: Current portion shown under current assets	9	(11,688)	(14,865)
		<u>39,319</u>	<u>23,849</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. These are recoverable in equal monthly installments spread over a period of 5 years and are secured against future gratuity payments of the employees and also indemnity bonds in favor of PPIB executed by two employees of PPIB acting as sureties on behalf of employee obtaining loan.
- 7.2 These include loan to key management personnel amounting to Rupees 22.956 million (2018: Rupees 15.334 million)

8 DEFERRED INCOME TAX ASSET	NOTE	2019 (Rupees in thousand)	2018
This comprises of following:			
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated depreciation		(6,069)	-
Deficit on remeasurement of investments to fair value		-	(13)
		<u>(6,069)</u>	<u>(13)</u>
Deferred tax asset on deductible temporary differences in respect of:			
Accelerated depreciation		-	1,376
Provision for staff gratuity		9,343	32,447
Surplus on remeasurement of investments to fair value		271	-
		<u>9,614</u>	<u>33,823</u>
		<u>3,545</u>	<u>33,810</u>
8.1 The gross movement in deferred tax asset during the year is as follows:			
Balance as at 1 July		33,810	23,189
Tax credit recognized in income and expenditure account	26	(27,712)	10,294
Tax adjustment in other comprehensive income		(2,553)	327
Balance as at 30 June		<u>3,545</u>	<u>33,810</u>

- 8.2 Deferred income tax asset of 285.263 (2018: 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	2019 (Rupees in thousand)	2018 (Rupees in thousand)
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
- employees against provident fund		1,735	1,735
- suppliers / services		149	142
- employees against expenses		1,461	616
		3,345	2,493
Current portion of loans and advances	7	11,688	14,865
Prepayments		1,139	1,101
Accrued interest on bank deposits		3,795	2,577
Accrued income on account of fees	9.1	74,236	119,924
Other receivables		3,067	5,123
- Provision for doubtful receivables		-	(2,626)
		3,067	2,497
		97,270	143,457

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

10 ADVANCE TAX

This represents tax withholding suffered at source and includes an amount of Rupees 8.9 million relating to tax years 2009, 2010 and 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.

	2019	2018
	(Rupees in thousand)	
11 SHORT TERM INVESTMENTS - Amortized cost		
Term Deposit Receipts (TDRs)		
(In US Dollars)		
Faysal Bank Limited (FBL) US\$ Nil (2018: US\$ 3,259,253)	-	395,673
Allied Bank Limited (ABL) US\$ Nil (2018: US\$ 1,099,920)	-	133,530
Habib Metropolitan Bank Limited (HMBL) US\$ 5,033,726 (2018: US\$ 2,895,160)	825,531	351,473
JS Bank Limited (JSBL) US\$ 2,379,188 (2018: US\$ Nil)	390,187	-
	<u>1,215,718</u>	<u>880,676</u>
(In PKR)		
Pak Oman Investment Company Limited (POIC)	-	285,022
Pak Brunei Investment Company Limited (PBIC)	150,000	-
JS Bank Limited (JSBL)	100,000	-
Faysal Bank Limited (FBL)	250,000	200,000
	<u>500,000</u>	<u>485,022</u>
	<u>1,715,718</u>	<u>1,365,698</u>
Accrued profit on:		
TDRs		
In US Dollars		
- FBL	-	1,203
- ABL	-	895
- HMBL	4,767	2,236
- JSBL	5,839	-
	<u>10,606</u>	<u>4,334</u>
In PKR		
- POIC	-	5,152
- PBIC	4,635	-
- JSBL	2,167	-
- FBL	16,771	10,978
	<u>23,573</u>	<u>16,130</u>
	<u>1,749,897</u>	<u>1,386,162</u>

11.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Maturity	Profit rate per annum
TDRs			
HMBL	USD	March 2020	3.50%
HMBL	USD	April 2020	3.80%
HMBL	USD	June 2020	3.90%
JSBL	USD	September 2019	3.60%
JSBL	USD	June 2020	3.65%
FBL	PKR	September 2019	8.20%
PBIC	PKR	September 2019	10.95%
JSBL	PKR	November 2019	11.60%

12 CASH AND BANK BALANCES	NOTE	2019	2018
		(Rupees in thousand)	
Cash at bank:			
- Current accounts		1	3,418
- Saving accounts	12.1, 12.2 & 12.3	103,663	203,025
		<u>103,664</u>	<u>206,443</u>
Cash in hand		8	8
		<u>103,672</u>	<u>206,451</u>

- 12.1 Balances in these accounts include Rupees 47.676 million (2018: Rupees 22.910 million) held on account of employees' provident fund scheme.
- 12.2 The balances in saving accounts include US\$ 14,398 (2018: US\$ 141,953).
- 12.3 The balances in saving accounts carry rates of profit ranging from 0.25% to 8.75% (2018: 0.10% to 3.75%) per annum.

	NOTE	2019 (Rupees in thousand)	2018
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	439,520	325,352
Kotli Hydropower Project	13.5	82,000	60,700
Gujranwala Energy Limited		<u>164,000</u>	<u>121,400</u>
		<u>828,466</u>	<u>650,398</u>

13.1 Movement of provision against performance guarantees encashed

Balance at the beginning	650,398	612,450
Exchange loss	178,068	69,298
Payment during the year	-	(31,350)
Balance at the end	<u>828,466</u>	<u>650,398</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 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 2019, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	NOTE	2019 (Rupees in thousand)	2018
14.1 The amounts recognized in the statement of financial position are as follows:			
Present value of defined benefit obligation	14.5	322,670	311,247
Fair value of plan assets	14.6	<u>(270,938)</u>	<u>(199,361)</u>
		<u>51,732</u>	<u>111,886</u>

	NOTE	2019 (Rupees in thousand)	2018 (Rupees in thousand)	
14.2	The amounts recognized in income and expenditure account are as follows:			
		26,715	24,721	
		5,503	6,061	
	20	<u>32,218</u>	<u>30,782</u>	
14.3	Movement in statement of financial position			
		111,886	82,588	
		32,218	30,782	
		(9,784)	(1,484)	
		<u>(82,588)</u>	<u>-</u>	
		<u>51,732</u>	<u>111,886</u>	
14.4	Based on the actuarial valuation a contribution of Rupees 33.897 million is expected to be paid to the defined benefit plan during the year ending 30 June 2020.			
14.5	Changes in the present value of defined benefit obligation are as follows:			
		2019 (Rupees in thousand)	2018 (Rupees in thousand)	
		311,247	280,637	
		26,715	24,721	
		26,665	21,306	
		(11,042)	(2,669)	
		(18,894)	(8,767)	
		<u>(12,021)</u>	<u>(3,981)</u>	
		<u>322,670</u>	<u>311,247</u>	
14.6	Changes in the fair value of plan assets are as follows:			
		199,361	198,049	
		21,162	15,245	
		82,588	-	
		(11,042)	(2,669)	
		(18,894)	(8,767)	
		<u>(2,237)</u>	<u>(2,497)</u>	
		<u>270,938</u>	<u>199,361</u>	
14.7	Composition of plan assets as a percentage of total plan assets of defined gratuity plan are as follows:			
	2019 %	2018 %	2019 (Rupees in thousand)	2018 (Rupees in thousand)
	14.03	19.08	38,026	38,040
	0.00	8.94	-	17,832
	1.77	2.40	4,783	4,783
	88.86	73.54	240,755	146,619
	2.31	-	6,267	854
	<u>(6.97)</u>	<u>(4.40)</u>	<u>(18,893)</u>	<u>(8,767)</u>
	<u>100</u>	<u>100</u>	<u>270,938</u>	<u>199,361</u>
14.8	Principal actuarial assumptions used in the actuarial valuation are as follows:			
		14.25%	9.00%	
		14.25%	9.00%	
		9.00%	9.00%	
		Age-Based	Age-Based	
		Adjusted SLIC	Adjusted SLIC	
		2001-2005	2001-2005	

	2019	2018
	(Rupees in thousand)	
14.9 Re-measurements recognized in other comprehensive		
income during the year:		
Remeasurment loss on obligation	12,021	3,981
Remeasurment loss on plan assets	(2,237)	(2,497)
	<u>9,784</u>	<u>1,484</u>
14.10 Sensitivity analysis		
Discount Rate + 1 %	297,592	284,445
Discount Rate - 1 %	351,198	342,179
Salary growth rate + 1 %	350,934	341,877
Salary growth rate - 1 %	297,384	284,214
14.11 Plan assets		
Bond	0.0%	8.6%
Equity	1.7%	2.3%
Cash and / or deposits	98.3%	89.1%
14.12 Expected benefit payments for the next 10 years and beyond		
FY 2020	12,590	
FY 2021	18,840	
FY 2022	52,497	
FY 2023	55,819	
FY 2024	14,923	
FY 2025	48,862	
FY 2026	40,904	
FY 2027	25,254	
FY 2028	61,345	
FY 2029	20,789	
FY 2030 onwards	4,267,289	
The average duration of the defined benefit obligation is	8 Years	
14.13 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.		

		2019	2018
	NOTE	(Rupees in thousand)	
15 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		14,953	96,322
Provision for leave encashment	15.1	24,065	21,752
Audit fee payable		1,056	726
Withholding income tax		-	112
Retention money		710	710
Other payables		2,519	4,051
Provident fund payable		48,113	25,281
		<u>91,416</u>	<u>148,954</u>
15.1 Movement of provision for leave encashment is as follows:			
Balance at the beginning		21,752	18,875
Expense for the year	20	16,382	16,813
Payments made during the year		(14,069)	(13,936)
Balance at the end		<u>24,065</u>	<u>21,752</u>
15.2 Movement of provision for provident fund is as follows:			
Balance at the beginning		25,281	48,829
Provision for the year		22,328	19,080
Interest for the year	24	2,669	636
Payments made during the year		(2,165)	(43,264)
Balance at the end		<u>48,113</u>	<u>25,281</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 statement of financial position 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 (2018: Rupees 113,457 million) and US\$ 58 million (2018: US\$ 58 million). Also, claims have been lodged against the performance guarantees encashed amounting US\$ 0.2 million (2018: 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.

	2019	2018
	(Rupees in thousand)	
17.2 Commitments		
Commitments against capital expenditure	<u>25,671</u>	<u>25,671</u>

	NOTE	2019 (Rupees in thousand)	2018 (Rupees in thousand)
18 INCOME FROM OPERATIONS			
Registration fee		42	32
Request for quotation fee		42	-
Project processing fee		6,940	-
Issuance of LOI/LOS fee		-	83,870
Extension in LOI/LOS fee		401,990	348,124
Proposal processing fee solicited projects		7,915	8,565
Fee for achievement of financial close		70,170	116,075
Fee for design change		-	16,430
Fee for change in shareholding		12,584	51,475
		<u>499,683</u>	<u>624,571</u>
19 INCOME FROM FINANCIAL ASSETS			
Return on bank deposits		8,810	7,861
Return on held to maturity investments		73,566	48,992
Interest on loans to employees		3,439	2,564
Dividend income		3,537	-
Exchange gain - net		135,063	50,900
		<u>224,415</u>	<u>110,317</u>
20 SALARIES AND BENEFITS			
Salaries and allowances		362,337	337,283
Bonus		35,074	111,940
Provision for staff gratuity	14.2	32,218	30,782
Provision for leave encashment	15.1	16,382	16,813
PPIB Contribution towards EOBI		3,819	5,291
Provident fund contribution		10,114	9,540
Other benefits		19,383	21,337
		<u>479,327</u>	<u>532,986</u>
21 REPAIR AND MAINTENANCE			
Vehicle running and maintenance		4,705	4,149
Office repair, maintenance and renovation		683	391
Computer repair		320	301
Equipment repair		369	293
Furniture repair		53	50
		<u>6,130</u>	<u>5,184</u>
22 PRINTING AND STATIONERY			
Computer stationery		618	751
Office stationery		768	1248
Printing		677	620
		<u>2,063</u>	<u>2,619</u>
23 AUDIT FEE			
Statutory audit - Riaz Ahmad & Company		363	363
Gratuity fund audit - A.F.Ferguson & Co.		330	-
		<u>693</u>	<u>363</u>
24 FINANCE COST			
Bank charges		85	80
Employees' provident fund trust	15.2	2,669	636
		<u>2,754</u>	<u>716</u>

	NOTE	2019 (Rupees in thousand)	2018 (Rupees in thousand)
25 OTHER EXPENSES			
Newspapers and periodicals		334	202
Training, conferences and seminars		2,321	2,849
Entertainment and office supplies		1,738	2,017
Security services		1,881	1,442
Provision for doubtful receivable		-	2,626
Project processing fee		-	5,070
Miscellaneous		725	250
		<u>6,999</u>	<u>14,456</u>
26 TAXATION			
Current			
Current year	26.1	27,928	15,430
Deferred			
Current year	8.1	27,712	(10,294)
		<u>55,640</u>	<u>5,136</u>

- 26.1 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 983.664 million (2018: Rupees 837.828 million). Consequently, tax expense reconciliation is not being presented.

27 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.

28 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:

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Salaries and benefits to key management personnel	141,043	97,626
Contribution to gratuity fund / trust	82,588	-

29 FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

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

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

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

(a) Market risk

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

(i) Currency risk

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

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

The potential currency exposures are discussed below;

Transactional exposure in respect of non-functional currency monetary items

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

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

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

Exposure to currency risk

PPIB's exposure to currency risk is as follows:

	2019	2018
	(US Dollars in thousand)	
Short term investments - amortized cost	7,413	7,254
Bank balances	14	194
Net exposure	<u>7,427</u>	<u>7,448</u>

The following significant exchange rates applied during the year:

	2019	2018
Rupees per USD		
Average rate	142.70	109.40
Reporting date mid point rate	164.00	121.40

Sensitivity analysis

At 30 June 2019, 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 121.801 million (2018: Rupees 90.422 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 85.03 million (2018: Rupees 104.042 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2019, 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 8.503 million (2018: Rupees 10.4042 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:

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Investments	1,749,897	1,386,162
Floating rate instruments		
Financial assets		
Bank balances	103,663	203,025

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 1.037 million (2018 : Rupees 2.031 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:

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Investments	1,834,931	1,490,204
Loans, advances and other receivables	133,840	163,712
Bank balances	103,664	206,443
	<u>2,072,435</u>	<u>1,860,359</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	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	1	141
Dubai Islamic Bank Limited	A1+	AA	VIS	51	6,014
National Bank of Pakistan	A1+	AAA	PACRA	22,597	94,582
Habib Bank Limited	A1+	AAA	VIS	78,698	89,571
Bank Alfalah Limited	A1+	AA+	PACRA	1	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1	769
United Bank Limited	A1+	AAA	VIS	357	3,512
NIB Bank Limited	A1+	AA-	PACRA	1	260
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2	163
Askari Bank Limited	A1+	AA+	PACRA	1	17
JS bank Limited	A1+	AA-	PACRA	869	648
Faysal Bank Limited	A1+	AA	PACRA	1,084	8,080
MCB Bank Limited	A1+	AAA	PACRA	1	49
First Women Bank Limited	A2	A-	PACRA	-	673
				<u>103,664</u>	<u>206,443</u>

Investments

Term deposit receipts

- Faysal Bank Limited	A1+	AA	PACRA	266,771	396,876
- Bank Alfalah Limited	A1+	AA+	PACRA	-	-
- Habib Bank Limited	A1+	AAA	VIS	-	-
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	830,298	353,709
- JS Bank Limited	A1+	AA-	PACRA	498,193	-
- Allied Bank Limited	A1+	AAA	PACRA	-	134,425
- Pak Brunei Investment Company Limited	A1+	AA+	VIS	154,635	-
				<u>1,749,897</u>	<u>885,010</u>
National Investment Trust	Unknown			85,034	104,042
Pakistan Investment Bonds	Unknown			-	-
				<u>1,834,931</u>	<u>989,052</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:

	2019		2018	
	Carrying amount	Contractual cash flows (within one year)	Carrying amount	Contractual cash flows (within one year)
	----- (Rupees in thousand) -----			
Provision against performance guarantees encashed	828,466	828,466	650,398	650,398
Other payables having maturity up to one year	19,238	19,238	101,809	101,809
	<u>847,704</u>	<u>847,704</u>	<u>752,207</u>	<u>752,207</u>

30 FINANCIAL INSTRUMENTS

30.1 Financial assets and liabilities

30 June 2019

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

Amortized cost	FVTOCI	Total
----- (Rupees in thousand) -----		
92,786	-	92,786
1,749,897	-	1,749,897
103,672	-	103,672
-	85,034	85,034
39,319	-	39,319
<u>1,985,674</u>	<u>85,034</u>	<u>2,070,708</u>

Financial liabilities :

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

Other financial liabilities
(Rupees in thousand)

828,466

19,238

847,704

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) -----		
144,224	-	144,224
1,386,162	-	1,386,162
206,451	-	206,451
-	104,042	104,042
23,849	-	23,849
<u>1,760,686</u>	<u>104,042</u>	<u>1,864,728</u>

Financial liabilities :

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

Other financial liabilities
(Rupees in thousand)

650,398

101,809

752,207

30.2 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:

	2019		2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	----- (Rupees in thousand) -----			
Assets carried at amortized cost				
Short term investments	1,749,897	1,749,897	1,386,162	1,386,162
	<u>1,749,897</u>	<u>1,749,897</u>	<u>1,386,162</u>	<u>1,386,162</u>

The basis for determining fair values is as follows:

30.3 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.

30.4 Fair value hierarchy

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

30 June 2019	Level 1	Level 2	Level 3	Total
Assets carried at fair value	----- (Rupees in thousand) -----			
Fair value through other comprehensive income	<u>85,034</u>	<u>-</u>	<u>-</u>	<u>85,034</u>
30 June 2018				
Assets carried at fair value				
Available for sale investments	<u>104,042</u>	<u>-</u>	<u>-</u>	<u>104,042</u>

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

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

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

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

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

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

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

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

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

31 **DATE OF APPROVAL**

These financial statements were approved on 19 JUN 2020 by the Board members of PPIB.

32 **CORRESPONDING FIGURES**

No significant reclassification have been made in corresponding figures.

33 **GENERAL**

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


MANAGING DIRECTOR


BOARD MEMBER



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