

PRIVATE POWER AND INFRASTRUCTURE BOARD

Annual Report 2017

MISSION STATEMENT

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

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GLOSSARY

Abbreviation

AEDB

CPEC

COD CCOE

CPPA

EOI EPC

ECC

FSA FC

FBR

GoP

GoS

GSA

IA

IPPs

ICB

JCC KE

KESC

LA

LOI

LOS

MoF

MW MOU

NTDC **M**BO

PPDB

PPIB

PPA

RLNG

SHPP

TCEB TOR

WUL

WUA

PG PPP

SA

TA

HSFO HPP

FS

Description

Alternative Energy Development Board China-Pakistan Economic Corridor **Commercial Operation Date** Cabinet Committee on Energy **Central Power Purchasing Agency Distribution Companies** DISCOs **Expression of Interest Engineering Procurement & Construction Economic Coordination Committee Feasibility Study Fuel Supply Agreement Financial Close** Federal Board of Revenue Government of Pakistan Government of Sindh **GOAJ**&K Government of Azad Jammu & Kashmir **GENCOs Generation Companies** Gas Supply Agreement High Sulphur Furnace Oil Hydropower Project Implementation Agreement Independent Power Producers International Competitive Bidding Joint Coordination Committee **K-Electric** Karachi Electric Supply Corporation Lease Agreement Letter of Interest Letter of Support MoW&P Ministry of Water & Power **Ministry of Finance MoP&NR** Ministry of Petroleum & Natural Resources Mega Watts Memorandum of Understanding **NEPRA** National Electric Power Regulatory Authority National Transmission and Despatch Company **Operation & Maintenance** Oil and Gas Development Company Limited OGDCL Punjab Power Development Board Private Power and Infrastructure Board Pakistan Electric Power Company PEPCO **Power Purchase Agreement** Performance Guarantee **Public Private Partnership Regasified Liquefied Natural Gas** Shareholders Agreement SNGPL Sui Northern Gas Pipelines Limited Small Hydro Power Project Sarhad Hydel Development Organization SHYDO **Tripartite Agreement** Thar Coal & Energy Board **Terms of Reference** Water and Power Development Authority WAPDA Water Use License Water Use Agreement



Message

The country is now on the path of getting rid of one of the worst electric power crises of its history. Lengthy power outages had threatened derailment of economic and industrial growth. While an unprecedented growth in the demand of electricity was witnessed during the last decade, no attention was given in enhancing power generation capacities due to various reasons including lack of planning, non-performance of power related public sector entities, non-payment to power producers resulting in circular debt accumulation, and an unbalanced fuel mix.

Now, due to concerted efforts and hard work of our government, the situation stands much improved. Load shedding has been reduced significantly which will further reduce to almost zero with the gradual increase in the power generation capacities through induction of new power generation plants. With the addition of less expensive imported fuels like coal and RLNG together with indigenous coal and hydro, the nation would soon start receiving affordable electricity which will not only provide relief to the consumers but will also curb the circular debt issue. Similarly, increased attention is being given to nuclear, wind and solar energy sectors. Here I would like to acknowledge the importance of China-Pakistan Economic Corridor (CPEC) in developing Pakistan's power sector without which dream of overcoming electricity challenge would not have realized. CPEC has turned to be a real game changer in the field of energy and today, thousands of affordable and less expensive megawatts are being nurtured under CPEC which will bring revolution in this sector. Besides focusing on electricity generation, equal emphasis was given to the previously unreliable transmission line system. Here again initiative of developing this neglected sector was taken under the CPEC umbrella. As a result, Pakistan's first private sector transmission line project from Matiari to Lahore is being implemented under the CPEC. This project assumes vital importance as coal projects being processed in the southern parts of country largely depend on it for providing transmission facility. Pakistan considers CPEC to be geared towards harnessing economic turnover in the country and providing sustainable industrialization and export-led growth.

Encouraging foreign investment in the country is priority of the present government. In this regard, we are providing competitive incentives and opportunities to foreign and local investors and trying to remove unbending obstacles as well as improving the investment climate in the country.

The Annual Report of Private Power and Infrastructure Board for the year 2016-17 relates to the contributions made by PPIB to help the economy by adding electricity to the national grid through the private sector. PPIB has so far added more than 9,000 MW of electricity in the system through private sector which is a massive contribution from private sector in developing country's power sector. The current government has given another gigantic responsibility of implementing public sector power generation projects through PPIB. I believe that PPIB as proved previously will again emerge as a key department of the government in implementing public sector power generation projects. PPIB in this regard has already undertaken work on RLNG based projects which are being sponsored by the Federal and Punjab government. We wish to further strengthen PPIB as one-window facilitator and to make the procedures easier and investor-friendly for encouraging further investments in this sector. Our future vision focuses on good governance and affordable power generation for achieving sustainability in the system.

Khawaja Muhammad Asif Minister for Water & Power/ Chairman PPIB



Foreword

It gives me great pleasure to present the Annual Report of the Private Power and Infrastructure Board (PPIB) for the year ending June 30, 2017 in the light of provision of Part-V, Section 21 of the PPIB Act, 2012.

PPIB has been working to attract and facilitate investments in the Pakistan's power sector and provides technical and legal support to the provinces, AJ&K and Gilgit Baltistan while monitoring as well as assisting Independent Power Producers (IPPs).

Since its creation in 1994, PPIB has remained a one-window support to the private investors for establishing IPPs and allied infrastructure in the country. Witnessing PPIB's performance in implementation of projects and bringing transparency and efficiency in implementation and operation of private sector projects, mandate of PPIB has been further increased by allowing it to facilitate public sector projects in IPP mode for which necessary legislation in PPIB's Act has also been made.

PPIB has been putting all its efforts and resources for induction of sustainable and affordable power generation in the national grid to overcome the electricity crisis. Currently PPIB is implementing two robust policy frameworks carrying market competitive incentives and simplified procedures for the investors. Power Generation Policy 2015 and Policy Framework for Private Sector Transmission Line Projects 2015 have been launched to attract new investments for development of new power generation and transmission projects. PPIB has so far managed to attract investment of more than ten (10) billion US dollars in the power sector by establishing thirty one (31) power projects with a cumulative power generation capacity of 9,048 MW under 1994 and 2002 Power Policies. Currently, PPIB is handling twenty nine (29) power generation projects of more than 19,000 MW and one transmission line project having designed load carrying capacity of 4,000 MW under Power Policies 2002, 2015 and transmission line policy 2015. These projects are at different stages of development, some are in testing and commissioning phase, some are under construction, while others are under Financial Closing and Pre-Financial Closing stages. PPIB has been diligently monitoring the progress of these under process projects and assuring its full support to the Sponsors for completion of these projects in smooth and timely manners.

In line with the Government Policies, PPIB is working to significantly improve fuel mix by keeping the balance between imported and indigenous fuels for upcoming power projects under its current portfolio. In view of anticipated lengthy timeframe for development of Thar coal fields, five imported coal based project of 4,423 and three RLNG based projects of 3,633 MW are being processed to meet the country's immediate electricity shortfall. Similarly, in order to cater the electricity requirements of country on medium to long term basis, seven local coal based power projects of 4,950 MW and fourteen hydropower projects of 6,128 MW are also under process. These indigenous resource based projects will help in trading off the anticipated impact on foreign exchange reserves and balance of payments due to imported fuels.

PPIB is also one of the leading institutions of the Government of Pakistan in implementation of flagship CPEC energy sector plan. PPIB is processing twelve power projects of 10,934 MW aiming to make Pakistan an energy sufficient country. These power projects are being set up at different locations of all the four provinces and AJ&K while most of these projects are based on indigenous resources of hydro and coal which will bring down the generation cost and improve generation mix. It is noteworthy that CPEC has been instrumental in achieving a historical breakthrough in the energy history of Pakistan whereby the country's coal reserves at Thar are being developed having coal mining and power generation projects. The CPEC projects portfolio being handled by PPIB includes nine coal based projects of 8,220 MW, three hydro based projects of 2,714 MW and one \pm 66KV HVDC Matiari-Lahore transmission line project. The transmission line project has many discrete features including but not limited to that it is the first ever private transmission line project of the country and will also be the first ever HVDC transmission line in Pakistan.

The Annual Report 2016-17 covers an overview of PPIB achievements and activities for the year under consideration. I hope that the Annual Report 2016-17 will prove to be good information source for researchers, academia and for the general public interested in the power sector of Pakistan.

Shah Jahan Mirza Managing Director



OVERVIEW OF PAKISTAN'S POWER SECTOR

1. Overview of Pakistan's Power Sector

The power sector consists of generation, transmission and distribution of electricity. Initially Pakistan's Power Sector was dominated by two vertically integrated publicly owned utilities which are (i) WAPDA for all Pakistan except Karachi, and (ii) Karachi Electric Supply Company (KESC) now Karachi Electric (KE) for the city of Karachi and its surrounding areas. WAPDA was created in 1958. As per WAPDA's strategic plan 1992, WAPDA was unbundled into (i) one Transmission and Dispatch Company (NTDCL), (ii) ten Distribution Companies (DISCOs) and (iii) four Generation Companies (GENCOs). KESC was created in 1913 and in 1952 the Government of Pakistan took control of the company by acquiring its majority shareholding. KESC was later privatized in 2005 to a Saudi based company named Kingdom Holding and renamed as KE. Later, in 2009, Abraaj Capital of Dubai took charge of KE. Key players of Pakistan Power Sector are shown below:



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

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



private investment in the energy sector was put in place in 1988 which resulted in ultimate success of 1,292 MW HUBCO. HUBCO, the first IPP of Pakistan was named project finance "Deal of the Year" by Euromoney Institutional Investor in year 1994. HUBCO experience also led to formulation of "Policy Framework and Package of Incentives for Private Sector Power Generation Projects in Pakistan" (1994 Power Policy) in March 1994.



PRIVATE POWER AND INFRASTRUCTURE BOARD

2.1 **Private Power and Infrastructure Board**

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

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

In 2012 PPIB was made a statutory organization through Private Power and Infrastructure Board Act 2012 (Act VI of 2012). PPIB remained a one-window facilitator for the private investors for establishing IPPs and allied infrastructure in the country till 2015. In November 2015 through Amendment Ordinance 2015, PPIB was awarded additional mandate by the Government of Pakistan to handle power projects in the public sector and to implement and operate them as independent and efficient corporate entities and create a healthy competition between public and private sector.

2.2 Functions of PPIB in the light of PPIB Act 2012 and PPIB Amendment Act 2016:

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

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

2.3 Composition of the Board of PPIB

The Federal Minister for Water and Power heads the Board as Chairman with members from the relevant ministries at Secretary level, provincial representatives and also private members.

BOARD COMPOSITION IN THE YEAR 2016-17

Chairman



Khawaja Muhammad Asif Federal Minister for Water & Power



Mr. Mohammad Younus Dagha Federal Secretary Ministry of Water & Power



Mr. Shah Jahan Mirza Managing Director Private Power and Infrastructure Board (Secretary of the Board)



Dr. Waqar Masood Khan Federal Secretary Ministry of Finance



Mr. Arshad Mirza Federal Secretary Ministry of Petroleum and Natural Resources



Mr. Yousaf Naseem Khokhar Federal Secretary Planning Commission



Mr. Nisar Muhammad Khan Chairman Federal Board of Revenue



Lieutenant General (Retd) Muzammil Hussain Chairman WAPDA

Chief Secretaries of Provinces and AJ&K



Mr. Rizwan Memon Chief Secretary, Sindh



Mr. Jalal Sikandar Sultan Raja Chief Secretary Azad Jammu & Kashmir



Mr. Amjad Ali Khan Secretary Energy Government of Khyber Pakhtunkhwa



Caption (Retd) Zahid Syed Chief Secretary, Punjab



Mr. Khaleeq Nazar Kayani Secretary Energy Government of Balochistan

Representatives from Gilgit Baltistan and FATA



Representative from Gilgit Baltistan (Vacant)



Syed Zaheer-Ul-Islam Secretary Administration, Infrastructure & Coordination FATA Secretariat

Representatives from private sector from each Province



Mr. Abdul Rauf Baloch (Balochistan)



Representative from Sindh (Vacant)



Representative from Punjab (Vacant)



Representative from Khyber Pakhtunkhwa (Vacant)

2.4 Contribution of PPIB to the Power Sector

Since its inception, PPIB has been instrumental in augmenting electricity generation capacities in the country. The successful implementation of private sector projects in Pakistan was later replicated in other countries like India, Bangladesh etc. PPIB has so far, received, processed and facilitated numerous investment applications from the private sector under (a) Power Policy 1994 (besides HUBCO which was the fore-runner of Power Policy 1994), (b) Hydel Policy 1995, (c) Power Generation Policy 2002, (d) Power Generation Policy 2015 and (e) Policy Framework for Private Sector Transmission Line Projects, 2015. Under the said policy frameworks, PPIB due to relentless efforts, has so far attracted Foreign Direct Investment of more than US\$ 10 billion through implementation of thirty one IPPs of more than 9,000 MW which is one third of the total generation capacity of power sector. Such statistics give PPIB a unique stature among all organizations in Pakistan's Power Sector. It is also worth-mentioning that due to availability of private sector capacities, the country had sustained the ongoing period of electricity generation shortages, otherwise the situation could have gone worse.

The Power Policy 2015 has been announced in April 2015 by the Government of Pakistan is the power policy in vogue. It is also being implemented passionately by PPIB for producing best outcome. The share of PPIB facilitated generation capacities will increase in coming years as power projects worth thousands of megawatts are at advance stages of completion. For the first time in the history of Pakistan serious efforts were made to accommodate indigenous, renewable fuels/resources which are abundantly available across Pakistan for power generation beside arranging less expensive imported fuels like imported coal and RLNG to find short and long term solution of the crisis.

PPIB aims to reverse the energy mix owing to the fact that gas reserves are depleting and high dependence on imported fuels is increasing the import bill of the country. Moreover, reliance on hydropower and other local resources is the call of the day for affordable energy.

2.5 China Pakistan Economic Corridor and PPIB's Role

China-Pakistan Economic Corridor (CPEC) is a framework of regional connectivity. CPEC will not only benefit China and Pakistan but will have positive impact on Iran, Afghanistan, India, Central Asian Republic, and the region. The enhancement of geographical linkages having improved road, rail and air transportation system with frequent and free exchanges of growth and people to people contact, enhancing understanding through academic, cultural and regional knowledge and culture, activity of higher volume of flow of trade and businesses, producing and moving energy to have more optimal businesses and enhancement of co-operation by win-win model will result in well connected, integrated region of shared destiny, harmony and development. China Pakistan



Economic Corridor is a journey towards economic regionalization in the globalized world and also a hope of better region of the future with peace, development and growth of economy.

PPIB has been assigned role as a frontrunner institution of the GoP in implementation of CPEC initiative by processing major chunk of power generation and transmission projects which include;

- 9 coal based power projects of 8,220 MW
- 3 hydropower projects of 2,714 MW.
- One Transmission Line Project of 4000 MW load transmitting capacity

PPIB has been actively monitoring the progress of these projects and providing full support to the sponsors for ensuring smooth and effective completion of projects. Two coal based IPPs each of 1320 MW by Huaneng Shandong (Ruyi) at Sahiwal and by Sinohydro Resources Limited/Al Mirqab Capital at Port Qasim are at advance stages of construction and expected to come online during 2017-2018.

The rich experience which PPIB has acquired in interacting with so many national and international investors and processing the applications of a gigantic magnitude is unmatched around the world. With the passage of time, PPIB has developed itself into a mature and reliable institution and has bagged numerous laurels for its following multi-faceted roles:

- As a Facilitator
- As a Guide
- As a Lead Force in Power Sector
- As a Catalyst for Improving Economy

PPIB's role also includes cohesion and communication with various players of the power sector to make power projects a reality. The following illustration depicts the communication structure of PPIB with other players:



2.6 Organogram

The Chief Executive Officer of PPIB is the Managing Director appointed by the Government of Pakistan. The Managing Director is also the Secretary of the Board, and heads four distinct sections i.e. Projects, Legal, HR & IT and Finance & Policy. Possessing advanced degrees in their fields, wide variety of experience and dedication have groomed the employees of PPIB having unique blend of engineering techniques, contract administration abilities, legal acumen, project management proficiency, negotiation skills, financial dexterity and IT skills. They are able to handle complex issues arising while administering the Security Documents comprising of, inter alia, Implementation Agreement(s), Power Purchase Agreement(s), Fuel Supply Agreement(s), Water Use Licence(s), Shareholders Agreement(s), Lease Agreement(s) Tripartite Agreement(s) etc, in dealing with international organizations and multinational companies. The functional organogram of PPIB is as depicted below:



2.7 Meetings of the Board

During the financial year 2016-17, four meetings of the Board of PPIB were held. Brief on key decisions taken during 107-110 Board meetings are as follows:

a) 107th Board Meeting held on 4th October, 2016

Extension in LOS for 2x660 MW Imported Coal based Project at Sahiwal - Ex Post Facto Approval

In order to facilitate the project, the Board approved second amendment in the LOS to extend the Financial Closing Date by five months.

Karot Hydropower Project - Approval for Execution of GoP Implementation Agreement

Board granted approval for:

- i) GOP IA executed by the PPIB on 8th September 2016 for Karot Hydropower Project with revised language of Section 4.1 and the Project Specific changes in it; and
- ii) Supplemental Agreement to the GOP IA executed by the PPIB on 8th September 2016.

Karot Hydropower Project - Extension in the Validity of Letter of Support

The validity of LOS of the 720 MW Karot Hydropower Project was extended upto 28th December 2016 without doubling the Performance Guarantee as the reasons for delay are not attributable to the Project Sponsors.

Approval of the IA for Imported R-LNG based Power Projects in the Public Sector

Approved the execution of IA by PPIB with Quaid e Azam Thermal Power Private Limited (QATPL).

Evaluation for Award of 350 MW Athmuqam Hydropower Project

Board granted approval for issuance of LOI to the consortium led by Korea Hydro & Nuclear Power Co., Ltd. (KHNP) for development of the 350 MW Athmuqam Hydropower Project under the Policy for Power Generation Projects 2015.

Evaluation for Award of 58 MW Turtonas-Uzghor Hydropower Project

The Board granted approval for issuance of LOI to the consortium consisting of M/s Sinohydro Corporation Ltd, China and Sachal Engineering Works (Pvt) Limited Pakistan for the development of 58 MW raw site Turtonas-Uzghor Hydropower Project under the Policy for Power Generation Projects 2015.

Approval for Re-Advertisement of 197 MW Kalam Asrit and 101 MW Gabral-Kalam Hydropower Projects for Implementation in the Private Sector by PPIB

Board approved advertisement of 197 MW Kalam-Asrit and 101 MW Gabral-Kalam Hydropower Projects under the Policy for Power Generation Projects 2015 for inviting proposals to develop the projects through Private sector.

Progress of Patrind Hydropower Project - Highlights of Transmission Line Issues and Evacuation of Few Houses in the Pond Area of the Project

The Board advised PPIB and MoW&P to follow up with the governments of AJ&K and Khyber Pakhtunkhwa for early resolution of the matter for evacuation of the houses on the land already acquired for the Patrind Hydropower Project.

660 MW Coal Based Power Project by Lucky Electric Power Company Limited

Board approved issuance of amendment to the LOS to Lucky Electric Power Company Limited for change of fuel from imported coal to Thar Coal.

350 MW Coal Power Project by Siddiqsons Energy Limited

Board granted approval for issuance of amendment to the LOS to Siddiqsons Energy Limited (SEL) for change of fuel from imported coal to Thar coal.

150 MW (Net) Coal Based Power Project near Arifwala, District Pakpattan by Grange Power Limited

The Board granted extension in the FC Date for six (6) months with doubling the amount of Performance Guarantee.

Review Petition for \pm 660 KV HVDC Transmission Line

The Board approved filing of the Motion for Leave for Review before NEPRA by PPIB for \pm 660 kV HVDC Transmission Line Project from Matiari to Lahore and to perform all actions, deemed appropriate or incidental in relation thereto.

b) 108th Board Meeting held on 28th October, 2016

1200 (±10%) MW R-LNG Based IPP at Muzaffargarh Punjab

- i) The Board approved the processing of 1200 (± 10%) MW R-LNG based IPP at Muzaffargarh, Punjab, through International Competitive Bidding.
- ii) The Board approved the framework and draft RFP for the Project (which has been sent to NEPRA in advance to save time) with the permission to subsequently incorporate changes as per NEPRA's Benchmark Tariff, NEPRA's approval / directions (if any), inputs from RLNG Supplier (PLL) on R-LNG supply related issues and any decisions by the ECC / CCoE / Cabinet.
- iii) The Board approved the use of Project Agreements (IA & PPA) earlier used for 1000 MW R-LNG based ICB with appropriate changes in LDs, Guarantees, timelines, etc., to make them in line with the approved framework.
- iv) The financing for laying of gas pipeline be made part of IPP project development cost.
- v) In case of non-supply of LNG by the international LNG supplier, there should be no cap on LDs to be paid by the R-LNG supplier to the IPP, as it would entail risk to the IPP. However, if the MoP&NR maintains its decision to cap the LDs as per SPA with international R-LNG supplier only for its default, the same position will be incorporated in the RFP.
- vi) The deadline for Open-Cycle Operation would be end February 2018.
- vii) The framework may be submitted for consideration/approval of ECC / Cabinet for the initiative to get approval of key parameters and risk allocation regime particularly for R-LNG supply related issues.

Approval for execution of the IA for imported R-LNG based Power Projects in the Public Sector By NPPMCL

The Board granted in-principle approval of the restructured Financial Close (FC) regime in relation to the IAs negotiated with National Power Parks Management Company Limited (NPPMCL) for the Balloki (1198.555 MW) and Haveli Bahudar Shah (1207.90 MW) projects.

c) 109th Board Meeting held on 15th February, 2017

ICB for 1200 MW R-LNG based IPP at Muzaffargarh

MD PPIB briefed on the status of 1200 MW R-LNG based IPP at Muzaffargarh, Punjab which was initially approved by the CCoE for installation of 1200 MW R-LNG based power projects in IPP mode.

The agenda item was submitted for information of the Board.

Suki Kinari Hydropower Project - Achievement of FC

The Board was briefed on the progress of the 870 MW, the biggest and first private sector hydropower project being developed in Pakistan; under the China Pakistan Economic Corridor (CPEC) Framework. It was informed that with the efforts and facilitation of PPIB, the Project has achieved FC on 31st December 2016.

It was further apprised that the Project is expected to achieve Commercial Operations on 31st December 2022. Moreover, the commissioning of this project is likely to improve the overall energy mix, reduce dependence on imported fuel, and will provide clean and affordable electricity in the country. The Project will be instrumental in generating economic activities and employment opportunities for people of the area and will entail improvement of the basic infrastructure in the vicinity, which will be helpful in the poverty alleviation of the people. The Board indicated satisfaction on the progress and achievement of FC of the first hydropower project under CPEC Framework Agreement.

Issuance of LOI for a ± 660 KV HVDC Matiari-Lahore Transmission Line Project

Board approved processing of the ± 660 KV HVDC Matiari-Lahore Transmission Line Project in accordance with the ECC approval and issuance of LOI to China Electric Power Equipment & Technology Company Ltd. (CET) / Pak Matiari Lahore Transmission Company (Private) Limited (special purpose vehicle of CET).

Approval of IA and TSA under the Policy Framework for Private Sector Transmission Line Projects 2015

Board approved the standardized drafts of IA and TSA prepared and finalized by PPIB and NTDC respectively.

300 MW Imported Coal Based Power Project at Gwadar, Balochistan

Board approved processing and issuance of LOI and subsequently LOS to 300 MW imported Coal base Power Project at Gwadar under the Power Generation Policy 2015, in accordance with the CPEC Framework Agreement and as per decision made in the 6th Meeting of the Joint Coordination Committee (JCC) on CPEC, subject to approval of the ECC.

Karot Hydropower Project - Extension in the Validity of Letter of Support

Board approved extension in the validity of LOS for the 720 MW Karot Hydropower Project to facilitate development of the project.

Issuance of Letter of Support (LOS) for Two Thar Coal Based Power Projects of 330 MW each

Board granted approval for issuance of LOS to 330 MW Thar Energy Limited and 330 MW ThalNova Power Thar (Private) Limited mine mouth projects based on Thar Coal.

Approval of Amendment in IA and Guarantee along with NOC for Novation of PPA b/w IPPs, WAPDA, & CPPA(G)L

Board approved the proposed scheme of arrangement in general and, in particular, the draft amendment to the IA, draft amendment to the GOP Guarantee, the novation of the PPA, and the NOC of the GOP for novation of the PPA, and execution.

150 MW Coal Based Power Project by M/s Grange Power Limited - Extension in FC Date

Board granted extension to M/s Grange Power Limited (GPL) for achievement of FC till 30th June 2017, subject to submission of an additional PG with a validity of three (3) months beyond the extended Financial Closing Date and endeavor to achieve COD by December 2018.

118.8 MW Fatima Energy Limited (FEL) - Cogeneration Power Project

Board granted approval for issuance of LOS to 118.8 MW Fatima Energy Limited Cogeneration Power Project

Board advised that Implementation Agreement (IA) after negotiations should be submitted to PPIB Board or in case of increase in financial obligations of the GOP, the ECC approval may also be solicited.

Amendment in the LOS of Siddiqsons Energy Limited

Board granted approval for 2nd amendment to the LOS issued to M/s. Siddiqsons Energy Limited for change of size (from 350 to 330 MW) and location (from Port Qasim to Thar) of the Project.

Transfer of Land from 1292 MW RFO Based Hub Power Project to 2x660 MW Imported Coal Based Power Project at Hub, Balochistan

Board granted approval for the issuance of NOC by PPIB for sale of 370 Acres of existing land of the HUBCO project to M/S CPHGC for establishment of the 1,320 MW coal power project.

2 x 660 MW Sahiwal Imported Coal based Power Project-Extension in FC Date

Board approved extension in the Financial Closing date up to 31st March 2017 for M/s Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited for development of 2x660 MW imported coal based power project at Sahiwal subject to required extension in validity of PG.

2 x 660 MW Imported Coal Based Power Project at Hub, Balochistan

Board granted approval for extension in the Financial Closing deadline of the Project by five (5) months subject to the required extension in the validity of PG; pursuant to the decisions made in the special meeting of the CPEC held on 12th December 2016;

Board granted approval for signing of IA based on the ECC-approved Standard IA with project-specific changes.

Board granted approval for signing the Supplemental Implementation Agreement (SIA), based on the ECC-approved Standard SIA with project-specific changes.

Approval of the Audited Accounts for the year ended June 30, 2016

Board approved the Audited Accounts along with the auditors' letter to the Board Members for the year ended 30th June 2016, and authorized MD, PPIB and representative of Ministry of Finance to sign PPIB's Audited Accounts.

d) 110th Board Meeting held on 7th June, 2017

Timelines for Coal Based Power Projects at Thar Block-II

Board approved the following extensions to facilitate power projects:

Six (6) months extension in the Financial Closing Date of Thar Energy Limited subject to extension in the validity of the Performance Guarantee at least three (3) months beyond the extended Financial Closing Date and achievement of COD.

Six (6) months extension in the Financial Closing Date of ThalNova Power Thar Limited subject to extension in the validity of the Performance Guarantee at least three (3) months beyond the extended Financial Closing Date.

Extension in the Financial Closing Date of Lucky Electric Power Company Limited subject to extension in the validity of the Performance Guarantee at least three (3) months beyond the extended Financial Closing Date.

Twelve (12) months extension in the Financial Closing Date of Siddiqsons Energy Limited subject to extension in the validity of the Performance Guarantee at least three (3) months beyond the extended Financial Closing Date.

In case of any delay in the development of mine and supply of coal by SECMC, the Board decided that these projects may use imported coal for a maximum period of two years after the agreed COD of the power plant.

2X 660 MW imported coal based power project at Hub, Balochistan

Board granted six (06) months extension in the Financial Close Date of the 2 x 660 MW imported coal based power project at Hub, Balochistan subject to the condition that such extension in the FC Date will not affect the Synchronization Date of the first unit.

Extension in Letter of Support for 2x660 MW Thar Coal Based Power Project by M/s Thar Coal Block-I Power Generation Company (Pvt) Limited

Board granted six (6) months extension in Financial Close Date subject to extension in the validity of PG at least three (3) months beyond the extended FC Date.

Conversion of Existing IPPs on Coal

Board approved processing of 134 MW coal conversion project by Saba Power Limited after fulfilment of the applicable prerequisites and receipt of NOC from the Power Purchaser (CPPA); however, the Sponsor should endeavour to use 20-30% local coal along with imported coal.

157 MW Madian and 215 MW Asrit-Kedam Hydropower Projects

Board advised PPIB to coordinate with Government of Khyber Pakhtunkhwa (GoKP) before advertisement of hydropower projects of Swat Valley.

Proposal for Regular Source of Income for PPIB

Board approved certain fees to generate a regular sustainable source of income for PPIB.

Employees Old-Age Benefits Institute (EOBI) Scheme for PPIB Employees

Board allowed PPIB to adopt EOBI Scheme for its employees and to pay outstanding contribution to EOBI from 1994 to date.

Hajj Scheme for Low Paid Employees of PPIB

The Board approved that in future an employee from staff grades SG-I to SG-IV will be nominated each year against the reserved seats as per the Hajj Policy. All expenses in this regard will be borne by PPIB from its own budget.

150 MW Coal Based Power Project by M/s Grange Power Limited - Extension in Financial Closing Date

Board granted extension for achievement of Financial Closing and COD to M/s Grange Power Limited subject to extension in validity of PGs at least three months beyond the extended COD.

Issuance of Letter of Support for the \pm 660 kV HVDC Matiari-Lahore (Approx. 878 KM) Transmission line Project

Board granted extension in the LOI deadline by two (2) months for issuance of LOS to the Sponsor (CET) / Pak Matiari Lahore Transmission Company Private Limited (PMLTC) for project facilitation.



PROJECTS' DEVELOPMENT ACTIVITIES

-

3.1 Projects' Development Activities during 2016-17

Being a one-window support to the private investors for establishing IPPs as well as allied infrastructure with additional mandate of facilitating public sector projects in IPP mode, PPIB delivered impressive results during 2016-17. PPIB efficiently processed fleet of power generation projects based on multiple fuels/technologies i.e. COAL, HYDRO, and R-LNG. First time in the energy history of the country, indigenous coal alongwith less expensive imported fuels like coal and R-LNG have been introduced to improve the energy mix of country under the objective of providing



Current Energy Mix being Processed by PPIB

*Another 1263 MW RLNG based Project is at intial stages of processing which will increase share of RLNG to 24%

adequate and affordable electricity. In this regard, policy framework was also required to be aligned to use such fuels for power generation for which Power Generation Policy 2015 was announced in April 2015. Hydro & local/indigenous coal projects have been initiated to cater the long term electricity requirements of the country and to trade off the anticipated impact on foreign exchange reserves due to imported fuels resources for power generation while imported coal based power generation projects are being promoted as a reliable base load solution. Most of these projects have reached advanced stages of processing, some of which are under construction, while others are at different stages of Financial Closing or LOS/LOI. PPIB has processed these projects diligently to make sure their smooth and timely implementation.

Also, for the first time in the energy history of Pakistan, it has been decided that transmission lines which are an essential segment of energy sector will be developed through private sector. To process such projects in the private sector, "Policy Framework for Private Sector Transmission Line Projects 2015" was announced. This document describes the policy framework and the package of incentives to the prospective investors interested in these projects. The credit of establishing Pakistan's first Transmission Line Project in the private sector i.e. Matiari-Lahore Transmission Line Project also goes to CPEC. This project is quite essential for transmitting upcoming quantum of electricity from coal based power generation projects being established in the southern parts of country.

The portfolio of projects being processed by PPIB during 2016-17 comprises twenty nine (29) projects

of 19,134 MW of cumulative power generation capacity. These projects are based on Coal, Hydro & RLNG fuels/technologies and scheduled to come online during 2017-2025. Breakup is given in the picture placed opposite:

Augmenting Transmission Line capacities is equally essential as is Power Generation. In addition to portfolio of power generation projects, PPIB is processing ±660 kV Matiari-Lahore HVDC



Transmission Line Project covering distance of around 900 km which would be capable of transmitting 4,000 MW capacity. This Project has many discrete features including but not limited to that it is first ever private transmission line project of the country and will be first ever HVDC transmission line in Pakistan. The HVDC transmission system is considered technically and economically more viable for power transmission over longer distances due to its higher transmission capacity, higher efficiency, lower losses and cost effectiveness etc.

The above portfolio of projects also includes three projects of 2,714 MW based on hydro, nine coal based projects of 8,220 MW out of which four projects of 4,260 MW are based on Imported Coal while five projects of 3,960 MW are based on Thar Coal are being processed by PPIB under CPEC. A Transmission Line Project capable of transmitting 4,000 MW to the load centres efficiently is also being implemented by PPIB under the framework of China-Pakistan Economic Corridor.

Portfolio of Upcoming Projects Under CPEC



The projects included in the CPEC are located in all four provinces of Pakistan and also in the AJ&K. The portfolio of CPEC based power generation projects being handled by PPIB is given as follows:

Sr. No.	Capacity and Name of Project	Location	Financial Outlay/ Project cost US\$ M	Current Status / Expected COD					
COAL BASED POWER PROJECTS									
1	1320 MW Sahiwal Project	Sahiwal, Punjab	1912.2	Under testing and commissioning					
2	1320 MW Port Qasim Project	Port Qasim, Sindh	1912.2	Under construction, COD June 2018					
3	1320 MW HUBCO Project	Hub, Balochistan	1912.2	Construction in progress, COD Aug 2019					
4	660 MW Engro Thar Coal Power & Mine Project	Thar Block-II, Sindh	995.40	Construction in progress; COD June 2019					
5	1320 MW Thar Coal Shanghai Electric Project	Thar Block-I, Sindh	1912.2	Under Financial Closing June 2020					
6	330 MW HUBCO Thar Coal Power Project	Thar Block-II, Sindh	497.70	Construction in progress; COD June 2020					
7	330 MW ThalNova Thar Coal Power Project	Thar Block-II, Sindh	497.70	Under Financial Closing COD June 2020					
8	300 MW Gwadar Coal Project	Gwadar, Balochistan	542.32	Under Tariff Determination COD December 2021					
9	1320 MW Thar Electricity (Oracle) Coal Project	Thar Block-VI, Sindh	1,912.2	Project proposal yet to be submitted COD 2nd quarter of 2021					
HYDRO	BASED POWER PROJECTS								
10	720 MW Karot Project	River Jhelum, Punjab∗	1,698	Under construction COD Dec 2021					
11	870 MW Suki Kinari Project	Kagan,River Kunhar, KP	1,956	Under construction COD Dec 2022					
12	1124 MW Kohala Project	River Jhelum, AJ&K	2,355	Under Financial Closing COD June 2024					

* located on dual boundary of Punjab and AJ&K

3.2 **Power Generation Through Coal in Pakistan**

Coal is amongst the cheaper and more common fuel used directly or indirectly to produce electricity in the world today. Coal-fired power plants currently fuel 41% of global electricity and, in some countries, coal fuels a higher percentage of electricity. However, on the other hand Pakistan's Power generation based on coal is only 0.1% which is expected to improve with the induction of upcoming projects based on local as well as imported coal.

Pakistan is ranked at fifth largest coal producing country of the world after the



discovery of huge lignite coal resources in Sindh. Thar, estimated at 175.5 billion tons accounts for the bulk of Pakistan's total reserves, estimated at 185 billion tons which are sufficient to generate thousands of megawatts of affordable electricity for decades to come. Other coal deposits of significance in Sind are located at Sonda (Jherruk) 5.5 billion tons and Lakhra (Dadu) 1.33 billion tons. Power Generation through Thar Coal is a very attractive investment opportunity. Thar coal reserves of Pakistan as on 30th June 2017 are given in the following table:

Specific	Area (sq.km.)	Drill Holes	Reserves / Resources (Million Tonnes)				
Block/Field			Measured Reserves	Indicated Reserves	Inferred Reserves	Hypothetical Resources	Total
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 the 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

Source: Pakistan Energy year book 2017

Pakistan's power sector is going through an incremental change of scenario through an improved fuel mix by planning and giving due importance to coal based power generation. In this regard, imported coal based projects have been planned, which will not only help Pakistan to meet the immediate shortfall being faced, but also will set a trend for establishment of other coal projects. All under construction imported coal based projects, majority of which are expected to start full operations by mid of 2018 have also paved way for establishment of power projects based on our untapped Thar and local coal.

The completion of these large scale load coal based power plants will not only help in bridging electricity demand supply gap but will also set trend for attracting future FDI through secure and transparent policy frameworks of GOP being implemented by PPIB. All these projects are being developed in strict compliance under International environmental/emissions standards of World Bank/IFC, etc.

Major Imported Coal Projects being Processed by PPIB

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

Major Thar Coal based Projects being Processed by PPIB

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

Emissions like carbon dioxide, SOx, NOx, etc are usually associated

with combustion of coal, like all other fossil fuels. However, in line with international and local policies and guidelines, the companies involved in coal mining and power generation to tap the world's 7th largest coal reserves (including 175 Billion tons of Lignite coal at Thar), are also giving due importance to the Pakistan environmental quality standards. They are also participating in Corporate Social Responsibility (CSR) activities. These companies are liaising with various NGOs, UN agencies, private and government sector entities to mobilize resources and facilitate their CSR activities in Thar region, with special focus on education, health, livelihoods and skill development.

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

PPIB is handling a portfolio of seven projects of 4,950 MW which are based on thar coal and currently at different stages of development. These projects are scheduled to be completed during 2018-2021. From these, a total of five projects of 3,960 MW are being implemented by PPIB under the framework of CPEC. Updated status of these projects is discussed separately in the succeeding paras:

(b) Local/Thar Coal Based Power Generation Projects

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

Introduction:

660 MW Thar coal based power project by Engro Powergen at Thar Block-II is the first power project in Thar and sponsors are trying their best to pave way for development of thousands of MWs on this indigenous coal which will produce cheap and affordable electricity and will also reduce dependence on the imported fuels. Last year, the project construction continued ahead of schedule and expected to achieve COD till June 2019, as per schedule. The sponsors of this project are also developing first coal mine at Thar for power generation which will supply Thar coal to this project.



Salient Features

- Project Company:
- Location:
- Capacity:
- Technology:
- Fuel:
- Fuel Supplier:
- Power Purchaser:
- Term of the Project:

Thar Block-II Sindh 660 MW (Gross) Steam Turbines Thar Coal Sindh Engro Coal Mining Company (SECMC) CPPA (G) L 30 Years

Engro Powergen Thar Limited

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

Introduction:

This project is based on Thar Coalfields Block-I. M/s Shanghai Electric Group is developing this 1320 MW power generation project, whereas Sino Sindh Recourses Limited (SSRL) as mine developer is the coal supplier for the project. The project company has achieved major milestones which include execution of Water Allocation and Supply Agreement with Government of Sindh. NEPRA has announced tariff for the project and LOS was issued to the project and the project is now in the process of achieving FC. Negotiations on Implementation and Power Purchase Agreements are under process.



Shanghai Electric Group Company

Thar Block-I Sindh

1,320 MW (Gross)

Steam Turbines

Sino-Sindh Resources

2 x 660

Thar Coal

GPPA (G) L

30 Years

Shanghai Electric Group Company (100%)

Salient Features

- Project Company:
- Main Sponsor:
- Location:
- Capacity:
- Configuration:
- Technology:
- Fuel:
- Fuel Supplier:
- Power Purchaser:
- Term of the Project:

Key Achievement(s)

• Letter of Support issued to the Project by PPIB on 20th July 2016
330 MW Thar Coal based Power Project at Thar Block-II, by ThalNova Private Limited

Introduction:

ThalNova Power Thar Private Limited Company is developing a 330 MW Thar Coal based Power Project at Thar Block-II Sindh. Sindh Engro Coal Mining Company (SECMC) which is the coal mine developer of Thar Block-II shall provide Thar Coal to power project. PPIB issued LOS to the project company after tariff determination by NEPRA. Financial Close of the project is expected in September 2017, whereas COD is planned in 2020.



ThalNova Power Thar (Pvt.) Limited

Thar Block-II Sindh 330 MW (Gross)

Steam Turbines

Thar Coal

CPPA (G) L

SECMC

30 Years

Salient Features

- Project Company:
- Location:
- Capacity:
- Technology:
- Fuel:
- Fuel Supplier:
- Power Purchaser:
 - Term of the PPA:

Key Achievements:

- y Achievements.
- > Issuance of Letter of Intent : 02nd August 2016
- > Tariff determination by NEPRA : 18th October 2016
- > Issuance of Letter of Support : 8th December 2016

330 MW Thar Coal based Power Project at Thar Block-II, by HUBCO Thar Coal Power Project

Introduction:

Hub Power Company Limited through SPV Thar Electricity Limited s developing another 330 MW Thar coal based power project at Thar Block-II. PPIB issued LOI in August 2016 and on the approval of application for acceptance of upfront tariff by NEPRA, LOS was issued in December 2016. FC is expected to be achieved in September 2017.



Salient Features

- Project Company:
- Main Sponsor:
- Location:
- Capacity:
- Configuration:
- Technology:
- Fuel:

Key Achievements

- Issuance of Letter of Intent : 02nd August 2016
- Tariff determination by NEPRA :
- Issuance of Letter of Support : 9th December 2016
- Thar Energy Limited Hub Power Company Limited Thar Block-II Sindh 330 MW (Gross) 1 x 330 MW Steam Turbines Thar Coal

18th October 2016

1320 MW Coal Based Power Project at Thar Block-VI By M/s Thar **Electricity Private Limited**

Introduction:

The Project Company has been registered with PPIB and the Sponsors of the Project have submitted revised proposal for developing 1320 MW Thar Coal based Power Project at Thar Block-VI, Sindh. This project is included in the CPEC and targeted to come online by 2nd guarter 2021.



Salient Features

Location

Fuel

_

Capacity

- Technology

Project Company Main Sponsor

Other sponsor

- Thar Electricity (Pvt.) Limited :
- : Sichuan Provincial Investment Group Co. Ltd
 - Oracle Power PLC, Power China International Group Ltd :
- Thar Block-VI :
- 1.320 MW :

:

:

- - Thar Coal : Super Critical, Steam Turbines CPPA GL
- Power Purchaser
- **Coal Supplier**
- **Oracle Coalfields PLC** :

Important Events

- June 2015 Registration :
- Submission of Revised Proposal: 16th January 2017

Brief/Current Status

- The Sponsors are registered with PPIB.
- Revised proposal is under evaluation at PPIB for further processing,
- Upfront Tariff on Thar Coal has ceased to exist on 19th January 2017 and new Upfront Tariff for Thar Coal based power projects is expected to be announced by NEPRA shortly.

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

Introduction:

Lucky Group is actively developing the project with support and guidance of PPIB. The Project was earlier issued Letter of Support on 8th June 2015 for the development of 660 MW Imported Coal based power project at Port Qasim. However in accordance with the direction of PPIB Board, M/s Lucky Electric Power Company Limited agreed to develop the project on Thar Coal. Accordingly amendment to LOS was issued on 26th September 2016. FC is expected to be achieved in 2017.



Lucky Electric Power Co.Ltd

Port Qasim, Karachi 660 MW (Gross)

1 x 660MW

Steam Turbines

Imported Coal

CPPA (G) L

30 Years

Salient Features

- Project Company:
- Location:
- Capacity:
- Configuration:
- Technology:
- Fuel:
- Power Purchaser:
- Term of the Project:

Key Achievements:

• Amendment to Letter of Support (for Thar coal) issue by PPIB on 26th September 2016

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

Introduction:

Initially the project was based on imported coal with a capacity of 350 MW, however after the directive of PPIB Board to decrease the dependency of imported fuels, M/s. Siddiqsons Energy Limited decided to convert imported coal based power project to local Thar coal based power project and changed the location of the project from Port Qasim, Karachi to Thar Block-II, Sindh. Accordingly, PPIB issued amendment to LOS on 6th October 2016 with 2nd Amendment to LOS on 13th January 2017. Company is in the process of achieving FC.

Salient Features

- Project Company: Siddiqsons Energy Limited
 Location: Port Qasim Karachi
- Capacity: 330 MW (Gross)
- Technology: Steam Turbines
- Fuel: Imported Coal
- Power Purchaser:
- Term of the Project: 30 Years

Key Achievements

- 1st Amendment to Letter of Support (for Thar coal) issued by PPIB on 6th October 2016
- Tariff redetermination by NEPRA on 1st December 2016
- 2nd Amendment to Letter of Support (for site change) issued on 13th January 2017

CPPA (G) L

(c) Power Generation Projects based on Imported Coal

During the period 2017-18, PPIB achieved remarkable success in effective and smooth implementation of projects based on imported coal. PPIB effectively handled portfolio of five projects of 4,423 MW out of which three projects of 3,960 MW are at advance stages of construction, one project of 163 MW is under Financial Closing while one project of 300 MW is currently under tariff determination phase. Updated status of these projects is discussed separately in the proceeding paras:

2 x 660 MW Imported Coal Based Power Project at Port Qasim, Karachi by Port Qasim Electric Power Company Limited

Introduction:

The project is a landmark in 'Prioritized Project' under China-Pakistan Economic Corridor for being the first coal based IPP in Pakistan to achieve Financial Closing. Construction activities at the project site are at full swing. The project is well on track to achieve Commercial Operations Date in early 2018.

Salient Features

- **Project Company:**
- Main Sponsor:
- Other Sponsor:
- Location:
- Capacity:
- Configuration:
- Technology:
- Fuel:

Key Achievements

- Installation of coal unloading system on the jetty
- Issue of registration of indenture of lease resolved
- Arrangement of temporary power for construction at the project site



- Port Qasim Electric Power Company (Private) Limited
- Sinohydro Resources Limited, China
- Al Mirgab Capital, Qatar
- Port Qasim, Karachi
- 1,320 MW Gross
- 2 x 660 MW
- **Steam Turbines**
- Imported Coal

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

Introduction:

The project is being pursued as 'Prioritized Project' under China-Pakistan Economic Corridor. It is the first coal based IPP in Pakistan to be processed under Tripartite Letter of Support jointly issued by Private Power and Infrastructure Board and Punjab Power Development Board. In order to achieve CPEC timelines, the project company has initiated construction ahead of Financial Closing which is achieved on 23rd January 2017. Construction activities are well ahead of schedule and the project is well on track to achieve Commercial Operations Date (COD) well before its planned COD in December 2017.



Salient Features

- Project Company:
- Main Sponsor:
- Other Sponsor:
- Location:
- Capacity:
- Configuration:
- Technology
- Fuel:

Key Achievements

- Financial Closing:
- First Unit Inauguration: 25th May 2017

Huaneng Shandong Ruyi (Pak) Energy (Pvt) Ltd Shandong Ruyi Science & Technology Group Company Limited, China Huaneng Shandong Power Generation Company Limited, China Qadarabad, Sahiwal 1,320 MW Gross 2 x 660 MW Steam Turbines Imported Coal

Annual Report 2017

23rd January 2017

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

Introduction:

1320 MW imported coal based power project at Hub Balochistan is another project which is included as 'Priority Project' under China-Pakistan Economic Corridor. The project will enhance generation capacity at the same site of the existing 1,292 MW Hub Power Plant at Hub, Balochistan. Same sponsors along with Chinese investors are implementing this project whose Financial Closing is expected by December 2017. Implementation Agreement and Power Purchase Agreements have been signed. Construction activities have been initiated ahead of FC and ground breaking ceremony held on 21st March 2017. Project is set to achieve commercial Operations Date in August 2019.



Salient Features

- Project Company:
- Main Sponsor:
- Other Sponsor:
- Location:
- Capacity:
- Configuration:
- Technology:
- Fuel:

Key Achievements

- Implementation Agreement:
- Power Purchase Agreement: 25th January 2017
- Ground breaking:

- China Power Hub Generation Company (Private) Limited
- Hub Power Co. Ltd
- China Power International.
- Hub, Balochistan
- 1,320 MW (Gross)

25th January 2017

21st March 2017

- 2 x 660
- Steam Turbines
- Imported Coal

Annual Report 2017

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

Introduction:

300 MW imported coal based power project is a major project located at a strategic location near Gwadar and is also a part of prioritized projects in CPEC. After approval from all competent forums including Joint Cooperation Committee (JCC), the Economic Coordination Committee and PPIB Board, the project was issued Notice to Proceed and LOI in 2017. The sponsor China Communication Construction Company (CCCC), is also the developer of Gwadar Port. Sponsors are making all-out efforts to bring the project on line by 2021.



Salient Features

- Project Company:
- Location:
- Capacity:
- Technology:
- Fuel:

Key Achievements

- Registration with PPIB:
- Submission of proposal: 24th March 2017
- Notice to Proceed:
- Letter of Intent(LOI):

China Communications Construction Company Ltd

- Gwadar Balochistan
- 300 MW (Gross)
- Steam Turbines
- Imported Coal

5th January 2017

12th April 2017

26th May 2017

Annual Report 2017

163.35 MW Imported Coal based Power Project at Arifwala, Punjab by M/s. Grange Power Limited (GPL)

Introduction:

Grange Power Limited was accorded a Letter of Support to develop an oil based power project at Arifwala. However, due to government's initiative to reduce dependence on oil based power projects, the project is now being developed by the sponsors as a 150 MW coal-based power project at the same location. The project is in advance stages and expected to achieve Financial Close till December 2017. This project is facing continuous delays due to various reasons; however sponsors with the support of PPIB are struggling hard to remove all the hurdles in financing and bring the project on line by 2019

Salient Features

- Project Company: Grange Power Limited
- Location: Near Arifwala, District
 Capacity: 150 MW (Net); 163.3
- Technology:
- Fuel:
- Power Purchaser:
- Term of the Project:

Grange Power Limited Near Arifwala, District Pakpattan 150 MW (Net); 163.35 MW (Gross) Steam Turbines Imported Coal CPPA (G) L 30 Years

3.3 **Power Generation Through Hydro in Pakistan**

Hydropower is one of the best available options to generate electricity today and hydroelectric power provides almost one-fifth of the world's electricity.

- Hydropower is generated through water, so it is an environment friendly source.
- Hydroelectric power is a domestic source of energy, allowing each state to produce their own energy without being reliant on international fuel sources.
- The energy generated through hydropower relies on the water cycle, which is driven by the sun, making it a renewable power source, which is more reliable and affordable source than fossil fuels that are rapidly being depleted.



In addition to a sustainable fuel source, hydropower produces a number of allied benefits, such as flood control, irrigation, and water supply.

Federal Development of Private Sector power projects of provinces are properly liked with Fed. Govt. policy through tripartite arrangement **Public Private NEPRA** Provincial WAPDA **PPIB** Public **Private NEPRA** Electricity Department, AJ&K PPC-AJ&K Energy Department, Punjab PPDB, Punjab **Energy Department, KP** PEDO, KP Water & Power Department, GB PDB, GB

PAKISTAN HYDROPOWER SECTOR - KEY PLAYERS

The world-over, hydropower projects are characterized with a variety of technical and economic constraints and bottlenecks, Pakistan being no exception. These include hydrological risks, resettlement and environmental issues, regulatory matters, market dynamics and financing problems. In the past no significant attention was paid to address these impediments in development of hydropower projects.

Though Pakistan is deficient in oil and gas but it has a vast potential of hydropower, coal, wind, and solar energy resources. It is estimated that Pakistan has hydropower potential of about 60,000 MW, however, only 12% is utilized for the production electricity and of the remaining potential is still untapped. Significant hydro potential is available in Pakistan mainly in the northern areas. It is estimated that power generation potential of



24,736 MW lies in Khyber Pakhtunkhwa, 21,125 MW in the Gilgit Baltistan area, 6,450 MW in Azad Jammu & Kashmir and 7,291 MW in the Punjab.

installed Currently, capacity of hydropower stations in the country is around 7,100 MW which is almost 28% of total installed capacity of Pakistan's power sector. Efforts are being made at federal as well as provincial levels to harness maximum potential. So far a number of small, medium and large size projects are being undertaken by the Federal government which are at different phases of



processing while PPIB is processing fourteen (14) hydropower projects of 6,128 MW which are at different stages of development, some of these are under construction while others are under Financial Closing stage. Amongst portfolio of hydropower projects, three (3) hydro based power projects of 2,714 MW cumulative capacity are being processed by PPIB under CPEC.

Current portfolio of hydropower Projects being implemented by PPIB is as follows:

Sr.#	Project	Sponsor/Company Name	Location	Capacity (MW)
1	Patrind	Star Hydropower Limited	Kunhar River, KP/AJ&K	147
2	Gulpur	Mira Power Ltd	Poonch River/Gulpur, AJ&K	102
3	Karot	Karot Power Company Pvt Ltd	Jehlum River, Distt. Rawalpindi Punjab	720
4	Suki Kinari	S.K Hydro Pvt Ltd	Kunhar River/Mansehra, KP	870
5	Kohala	Kohala Hydro Company Limited	Jehlum River/Kohala, AJ&K	1,124
6	Azad Pattan	Azad Pattan Power (Pvt) Ltd.	Jehlum River/Sudhnoti, AJ&K	700
7	Kaigah	Asmandal Trading / ATL	Kaigah/Indus River, KP	548
8	Mahl	CWE Investment Corporation/ China Three Gorges & Trans Tech Pakistan	Jehlum River, AJ&K/Punjab	640
9	Turtonas-Uzghor	Sinohydro-Sachal Consortium	Golen Gol River, Chitral Valley KP	58
10	Athmuqam	Korea Hydro and Nuclear Company	Neelum River, AJ&K	350
		GRAND TOTAL (MW)		5,259

In addition, Private Power and Infrastructure Board is planning to advertise following four run of the river hydropower projects of 869 MW in the near future to improve hydropower contribution in the energy mix of country:

S.No	Name of Project	Location	Capacity (MW)
11	Chakothi-Hattian Hydropower Project	Muzaffarabad, AJ&K	500
12	Rajdhani Hydropower Project	Poonch River AJ&K	132
13	Neckeherdim-Paur Hydropower Project	Yarkun River, Chitral Valley KP	80
14	Madian Hydropower Project	Swat River, KP	157
		Total (MW)	869

Brief description of PPIB's achievements and activities for implementing hydropower projects in the country during 2016-17 is produced in succeeding pages.

147 MW Patrind Hydropower Project

Introduction:

147 MW Patrind HPP is the Pakistan's first Private Sector Hydropower Project (i.e. first Hydel IPP) under 2002 Power Policy. The Project is located on river Kunhar and is a dual boundary project between Khyber Pakhtunkhwa and AJ&K. The Project is sponsored by K-Water & Daewoo E&C with lending from ADB, IFC, IsDB and KEXIM. After achievement of Financial Close in December 2012, the Project has entered into construction phase. The project has the



ability to inject about 690 Million clean, reliable and affordable units of electricity annually in the national grid.

: Patrind Hydropower Project

: i) FICHTNER GmbH (Germany) &

: Run-of-River with 26m Weir

ii) Pakistan Engg. Services (PES) Pakistan

: Kunhar River (at tributary of River Jhelum)

: Star Hydro Power Limited

: i) K. Water - Korea ii) Daewoo -Korea

: Muzaffarabad AJK

Salient Features

General

- Project Name
- Project Company
- Project Sponsors
- Project Consultant
- •
- Location
- River

Technical

- Capacity : 147 MW (As per approved Feasibility Study)
 - Energy : 690 GWh
- Project Type
- Tunnel Length : 1.5 km
- Design Discharge : 153 m3/s
- Gross Head : 114.5 m
- Plant Factor : 52.7%

Key Achievements

- Issuance of Letter of Support (LOS) : 30th June 2010
- Financial Close Achieved : 20th December 2012

Current Status:

 Upto June 2017, 100% construction works were completed, however, due to interconnection issues on part of power purchaser i.e. NTDCL, the COD of the project is delayed which is expected in the last quarter of year 2017.

102 MW Gulpur Hydropower Project

Introduction:

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



Salient Features

General

•	Project Name	: Gulpur Hydropower Project
•	Project Company	: Mira Power Limited (MPL)
•	Project Sponsors	: Korea South Esat Power Company (KOSEP)
		SAMBU Korea, LOTTE Korea and STX Korea.
•	Project Consultant	: ACE & NESPAK
•	Location	: District Kotli
•	River	: Poonch
Те	chnical	
•	Capacity	: 102 MW
•	Energy	: 475 GWh
•	Project Type	: Run of River
•	Tunnel Length	: 3.12 km
•	Design Discharge	:194 m3/S
•	Gross Head	:58m
•	Plant Factor	:52%

Key Achievements:

•	Issuance of Letter of Support (LOS)	:27-04-2010
•	Financial Close Achieved	: 30-10-2015
•	Start of Construction	: 30-10-2015

Current Status:

• Construction period of the Project is four years. By the end of this fiscal year about 38% construction works at site have been completed. The project is scheduled to be commissioned in October 2019 after which it will inject about 475 Million clean, reliable and affordable units of electricity annually to the national grid.

720 MW KAROT HYDROPOWER PROJECT

Introduction:

Karot Hydropower Project is located on River Jhelum, District Rawalpindi, Punjab. The project is included in Prioritized List of China Pakistan Economic Corridor (CPEC) Projects. This is one of the large hydro IPPs in Pakistan and also in the CPEC which has the capacity to produce 3249 GWh annually. Concession documents like Government of Pakistan Implementation Agreement (GOP IA) executed on 8th September 2016, AJ&K IA & AJ&K



WUA on 28th September 2016, PPA on 30th August 2016 and GoPunjab WUA on 25th October 2016, whereas all the Direct Agreements with lenders were executed on 15th December 2016.

Salient Features

General

- Project Name : Karot Hydropower Project
 - Project Company : Karot Power Company (Pvt.) Limited
- Project Sponsors : (i) China Three Gorges South Asian Investment Limited

 (ii) Focus Power Investment Limited
 Location : Dual boundary of District Rawalpindi, Punjab & District Kotli, AJ&K
 - River : Jhelum River

Technical

Capacity : 720 MW
Av. Annual Energy : 3249 GWh
Design Discharge : 1200 m3/s
Gross Head : 78 m
No. and Type of Units : 4 Francis Turbine Units

Key Achievements

- Issuance of Letter of Support (LOS) : 29th August 2013
- Financial Close Achieved : 22nd February 2017

Current Status:

The construction activities at site are going at full swing and efforts are being made to complete the Project by December 2021.

870 MW Suki Kinari Hydropower Project

Introduction:

The 870 MW Suki Kinari HPP is located on river Kunhar, District Mansehra, Khyber Pakhtunkhwa. The Project is sponsored by China Gezhouba Group Company with the lending from Export-Import Bank of China and Industrial & Commercial Bank of China. Suki Kinari Hydropower Project is ranked as first and the largest hydro project of country which is also the first amongst fleet of CPEC hydro based projects. The project brings considerable foreign investment from China and will inject about 3081 Million clean, reliable and affordable units of electricity annually to the national grid.



Salient Features:

General

•	Project Name	: Suki Kinari Hydropower Project

- Project Company : SK Hydro (Pvt.) Limited
- Project Sponsors
 : i) Al Jomaih Holding Company, (LLC) Riyadh,
 - Saudi Arabia, ii) China Gezhouba Group
 - Company, iii) Haseeb Khan (Pvt) Ltd., Lahore
 - : Distt. Mansehra, Khyber Pakhtunkhwa
- River : Kunhar River (a tributary of River Jhelum)

Technical

Location

- Capacity : 870.25 MW
- Energy : 3081 GWh
- Project Type
 : Run-of-River
- Plant Factor : 40.41%

Key Achievements:

- Issuance of LOS to the Sponsors : 19th July 2011
- Financial Close Achieved : 31st December 2016

Current Status:

After achieving Financial Closing on 31st December 2016, the EPC Contractor has been mobilized for commencement of construction activities. The construction period of the Project is six (6) years and the project is likely to achieve the COD on 31st December 2022.

1124 MW KOHALA HYDROPOWER PROJECT

Introduction:

Being on dual boundary, the Kohala Hydropower Project is located on River Jhelum in AJ&K with weir site in district Jhelum Valley and power house site in district Muzaffarabad. The Project is listed as an Actively Promoted Project in CPEC Programme. Kohala Hydro project is so far the largest hydro IPP of country and also largest hydro IPP included in the CPEC. The Project is being sponsored by the investment arms of China Three Gorges Corporation & IFC under 2002 Power Policy.



Salient Features General

- Project Name
- Project Company
- Project Sponsors
- Location
- River

Technical

- Capacity
- Energy
- Project Type
- Plant Factor
- Project Term

: Run of River with 52m Weir : 52.29%

:1124 MW

: 5,149 GWh/ annum

Corporation

: Jhelum

: Kohala Hydropower Project

: China International Water & Electric Company (CWE)

: CWE / CWE Investment Company / China Three Gorges

: Dam/Weir near Siran & Power House near Barsala/Kohala

: 30 Years

Key Achievements:

- Issuance of Letter of Support (LOS) : 31st December 2015
- Approval of Revised technical report: 17th May 2016

Present Status:

Under the terms of LOS, during fiscal year 2016-17, the EPC contractor has been selected through ICB, Environmental NOC issued by AJ&K EPA, power evacuation scheme approved by NTDC, project agreements (GOPIA, PPA, AJKIA) substantially negotiated, EPC stage tariff proposal submitted to CPPAG, land acquisition process progressed. Moreover China Development Bank & Habib Bank issued interest for debt financing. The overall progress except land acquisition for development of the Project remained satisfactory. The Project is expected to achieve



Financial Close by December 2017 while efforts are being made by PPIB to bring it online by June 2024.

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640 MW MAHL HYDROPOWER PROJECT

Introduction:

Mahl hydropower project is located on River Jhelum at dual boundary between Punjab (district Rawalpindi) and AJ&K (district Bagh). The Project is being developed by investment arms of China Three Gorges Corporation under 2002 Power Policy.



Salient Features

General:

- Project Name
- Project Company/Sponsors
- River
- Location
- Distance

Technical:

- Project Type
- Capacity
- Design Discharge
- Plant Factor

Key Achievements:

- Issuance of LOI : 21st October 2014
- Approval of Feasibility Study : 2nd January 2017

Current Status:

Under the terms of Letter of Intent (LOI) dated 14th October 2014, the feasibility study was completed by sponsors in August 2016 which was reviewed by Panel of Experts and after incorporating their comments, revised feasibility study has been approved by POE in January 2017. Accordingly the sponsors in March 2017 submitted feasibility stage tariff proposal to CPPAG for negotiation. Finalization of the said tariff proposal has been substantially completed by the end of current fiscal year.

: Mahl Hydropower Project

: 100 km from Islamabad

: Run of the River : 640 MW (Approx.)

: 1200 m3/s

:55%

: Jhelum

: CWE Investment Corporation China- a subsidiary

: On Dual Boundary of Punjab and AJ&K

: of China Three Gorges (CTG) & Tarns Tech Pakistan

700.7 MW AZAD-PATTAN HYDROPOWER PROJECT

Introduction:

700.7 MW Azad Pattan Hydropower Project is located on the River Jhelum on dual boundary of District Sudhnoti in AJ&K and District Rawalpindi, Punjab. This project is being processed by PPIB under the provisions of Power Generation Policy 2002.

Salient Features

General

- Project Name
- Project Company
- Project Sponsors
- Location
- River

Technical

- CapacityProject Type
- Tunnel Length
- Design Discharge
- Gross Head
- Plant Factor

Key Achievements:

Issuance of LOS : 30th June 2016

Current Status:

 Since the issuance of LOS on 30th June 2016, sponsors of the Project have started various activities which include land acquisition process, selection of EPC Contractor on 27th December 2016, submission of EPC stage tariff on 23rd June 2017, process for selection of Owner Engineer in October 2016, financing arrangement etc., in order to achieve financial close within the stipulated time under the LOS. The Project is expected to be completed by December 2024.

: Azad Pattan Hydropower Project

: Run of River with 65m high Dam

: Distt. Sudhnoti, AJ&K

: Jhelum River

:700.7 MW

: 1200 m3/s

:0.5Km

:63m

:55%

: Azad Pattan Power Pvt. Limited, Pakistan

: i) M/s Alamgir Power (Pvt.) Ltd (Main), ii) M/s CWE of China





548 MW KAIGAH HYDROPOWER PROJECT

Introduction:

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

Salient Features:

General

- Project Name : Kaigah Hydropower Project
- Project Sponsors : i) Assmandal Trading Agency
 - ii) M/s Telecom Valley (Pvt) Ltd
 - iii) M/s Central China Group
 - iv) M/s Associated Technologies Pvt Ltd
- Location : Near Dasu, Distt. Kohistan, Khyber Pakhtunkhwa
- River : Kandiah River

Technical:

- Capacity : 548 MW
- Energy : 2112 GWh
- Project Type : Run of River with 100 m high Dam
- Tunnel Length : 17 km
- Design Discharge : 125 m3/s
- Plant Factor : 44.23%

Key Achievements:

- Issuance of LOI : 20th February 2008
- Submission of Feasibility Study : 18th January 2014
- Approval of Feasibility Study : 18th February 2014

Current Status:

- The Sponsors submitted the Feasibility Stage Tariff petition to NEPRA in February 2015, whereas NEPRA dismissed the tariff petition on 10th March 2017 due to certain deficiencies in the tariff petition *inter-alia* approval of revised design by the Panel of Expert (POE)/ PPIB. Meanwhile, Sponsors submitted the revised design to POE/PPIB on 3rd January 2017 and subsequently on 5th May 2017. In this context, meeting of the POE was held on 29th May 2017 wherein the matter was discussed / deliberated.
- After the approval of revised design by POE and fulfilment of other deficiencies, sponsors will approach NEPRA, and once the tariff would be determined by NEPRA, sponsors shall be advised to complete the codal formalities leading to issuance of Letter of Support. The Projects is expected to be completed by December 2024.

350 MW ATHMUQAM HYDROPOWER PROJECT

Introduction:

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



Salient Features:

Location

- Project Name
- : Athmuqam Hydropower Project : District Neelum

: KHNP, DAELIM and LOTTE, Korea

River

- : Neelum
- Project Sponsors
- Technical (Raw Site):
- Capacity : 350 MW (Approx.)
- Project Type
 : Run of the River
- Design Discharge : 250 m3/s

Key Achievements:

- Issuance of LOI : 30th March 2017
- POE Notification : 29th June 2017

Current Status:

- Under terms of the LOI the sponsors are required to complete bankable feasibility study upto August 2018.
- Upto the end of current fiscal year, PPIB appointed POE, and Sponsors preceded towards hiring of consulting firms and about 3% works completed.

58 MW TURTONAS-UZGHOR HYDROPOWER PROJECT

: Golen Gol

Introduction:

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



Salient Features

General

- Project Name
- Location
- River

Technical

- Capacity : 58 MW
- Energy : 254 GWh
- Project Type
 : Run-of-River
- Design Discharge : 20 m3/s

Key Achievements:

Issuance of LOI : 20th March 2017

Current Status:

• In terms of the LOI, Sponsors are required to complete a bankable Feasibility Study within 24 months from the issuance of LOI.

: Turtonas-Uzghor Hydropower Project

: Mastuj Town, 22 km north-east of Chitral Town

• The Sponsors have appointed a consultant for carrying out the feasibility Study and a POE has also been formed by the PPIB in order to monitor the bankable feasibility Study. The Consultant has initiated preliminary work for data collection for desktop studies and site visits as well.

3.4 Power Generation Through RLNG in Pakistan

Oil and gas are two major components of Pakistan's energy mix. Natural gas is a prime energy source to different critical sectors of the economy (households, commercial industry, power, transport). The country is witnessing severe gas crisis which becomes more severe, especially during winter season. The demand and supply situation of gas has been changed from affluence to deficiency and after



2006 the country has entered into the deficiency phase. Keeping in view the depleting reserves, the Government of Pakistan decided to establish Regasified Liquefied Natural Gas (RLNG) based highly efficient combined cycle power plants. In this regard, the Government of Pakistan and Government

- RLNG a less expensive and clean fossil fuel
- 1180 MW Bhikki Power Project owned by Government of Punjab
- 1223 MW and 1230 MW Balloki and Haveli Bahadur Shah Power Projects owned by the Government of Pakistan
- Fast track projects; targeted to start generation during 2017-18.
- One new Project of 1263 MW near Trimmu is also owned by Government of Punjab
- Instrumental in bridging demandsupply gap

of Punjab took the lead and decided to develop these plants in the public sector through independent special purpose vehicle companies. Furthermore, PPIB has been given the mandate under Power Generation Policy 2015 to process these projects in IPP mode so that the incentives, concessions and facilitation by PPIB should also be provided to these companies under the applicable policies similar to other Independent Power Producers in the private sector.

Currently, PPIB is processing following 03 (three) R-LNG based IPPs of 3,633 MW which are at different stages of development:

- i. 1180 MW Quaid-e-Azam Thermal Power Ltd. (QATPL) IPP at Bhikki, Punjab
- ii. 1230 MW National Power Parks Management Co. Ltd. (NPPMCL) IPP at Haveli Bahadur Shah, Punjab
- iii. 1223 MW NPPMCL IPP at Balloki, Punjab

The above mentioned IPPs are being developed with General Electric (GE)'s world class air-cooled multi-shaft H-Frame Gas Turbine based Combined Cycle Power Plants (CCGT) which ensures highest efficiency in the industry i.e. greater than 61%; and reduces fuel costs and CO2 emissions over the life of the power plant:

The fourth R-LNG based IPP has been initiated by Punjab Thermal Power Ltd. (PTPL). The Project is at initial stage of development which is proposed to be located near Trimmu Barrage, District Jhang, Punjab with capacity in the range of 1100-1400 MW.

Detail of activities, achievements of PPIB in developing these projects during the year 2016-17 is given hereunder:

1180 MW R-LNG BASED BHIKKI POWER PROJECT

Introduction:

This project is a part of Clean-Affordable-Reliable-Energy (CARE) initiative of the Government of Pakistan which is an integrated approach towards sustainable energy for Pakistan. The Bhikki Power Plant is a 1,180 MW RLNG based power plant being developed in Bhikki, District Sheikhupura. Bhikki Power Plant is wholly financed by the Punjab government and in order to look after its affairs, an independent special purpose vehicle company



namely Quaid-e-Azam Thermal Power (Pvt) Limited has been incorporated. The power plant is envisaged to be one of the largest utility scale thermal power plants in the country with lower operating cost and reduced emissions.

Salient Features:

•	Project Name	: Quaid-e-Azam Thermal Power Project
•	Project Company/Sponsors	: M/s. Quaid-e-Azam Thermal Power (Pvt.) Ltd.
		(owned by Govt. of Punjab)
•	Location	: Bhikki, district Sheikhupura, Punjab
•	EPC Contractor	: JV of Harbin Electric International (HEI) and
		Habib Rafiq Ltd. (HRL)
•	O&M Contractor	: JV of HEI & HRL
•	Gross Capacity	: 1180.13 MW
•	Net Capacity	: 1156.7 MW (at RSC)
•	Primary Fuel	: R-LNG
•	Back-up / Alternate Fuel	: HSD
•	Technology	: Combined Cycle Gas Turbines (CCGT), GE H-Class GT
•	Plant Efficiency	: 61.59 % (RLNG) & 54.90 % (HSD)
•	Project Cost	: USD 769.976 Million
•	Capital Structure	: 75% debt & 25% equity
Ke	y Achievements:	
•	PPA & GSA Signing Date	: 22nd July 2016
•	IA signing Date	: 16th August 2016
•	Financial Close	: 22nd August 2016
•	GT1 Commissioning	: 17th June 2017
•	GT2 Commissioning	: 8th May 2017

Current Status:

The project has achieved substantial progress at site. Successful commissioning of the two gas turbines (open cycle operation) has been achieved on 8th May 2017 and 17th June 2017 while commercial operation of the plant is targeted by end 2017/start 2018.

1223 MW RLNG BASED BALLOKI POWER PROJECT

Introduction:

The Balloki Power Plant is a 1,223 MW RLNG based power plant being developed in Balloki, District Kasur. This project is owned by the Government of Pakistan while an independent special purpose vehicle company namely National Power Parks Management Company (Pvt) Limited (NPPMCL) has been incorporated by the Government of Pakistan to look after its affairs. This project is a part of Clean-Affordable-Reliable-Energy (CARE) initiative of the Government of Pakistan which is an integrated approach towards sustainable energy for Pakistan.



Salient Features

- Project Name
- Project Company /Sponsors
- Location
- EPC Contractor

Gross Capacity

Net Capacity

Primary Fuel

.

- Name of Other Contractors
- : NPPMCL, MoW&P, GoP

: 1223 MW Balloki Power Project

- : Balloki, district Kasur, Punjab
- : Harbin Electric International (HEI)
- :
 - Civil: Habib Rafiq Ltd.
 - Mechanical: TEPC, China
 - Electrical: TEPC, China
- : 1223.1 MW (at RSC)
- : 1198.6 MW (at RSC)
 - : R-LNG
- Back-up/Alternate Fuel
- Technology : Combined Cycle Gas Turbines (CCGT), GE H-Class GT
 - Plant Efficiency : 61.63 % (RLNG) & 53.64 % (HSD)

: HSD

- Project Cost : USD 798.183 million
- Capital Structure : 70% debt & 30% equity

Key Achievements

- Tariff Determination by NEPRA : 9th August 2016
- LOS Issuance date : 22nd September 2016
- PPA & GSA Signing Date : 29th October 2016
- IA signing Date : 14th November 2016
- Financial Close : 28th November 2016
- GT1 Commissioning : Expected shortly
- GT2 Commissioning : Expected shortly

Project Status

The project has achieved substantial progress at project site. While the open cycle commissioning of gas turbines is expected shortly. The Commercial Operations of the plant in combined cycle mode is expected in first quarter of 2018.

1230 MW RLNG BASED HAVELI BAHADUR SHAH POWER PROJECT

Introduction:

The Haveli Bahadur Shah Power Plant is a 1,230 MW RLNG based power plant being developed in Haveli Bahadur Shah, District Jhang. This project is funded and owned by the Government of Pakistan while an independent special purpose vehicle company namely National Power Parks Management Company (Pvt) Limited (NPPMCL) has been incorporated by the Government of Pakistan to look after its affairs. This project is also an important part of Clean-Affordable-Reliable-Energy (CARE) initiative



of the Government of Pakistan which is an integrated approach towards sustainable energy for Pakistan.

Salient Features

- **Project Name** : 1230 MW Haveli Bahadur Shah Power Project Project Company/Sponsors : NPPMCL, Ministry of Water & Power, GoP : Haveli Bahadur Shah, District Jhang, Punjab Location **EPC Contractor** : Power Construction Corporation of China Name of Other Contractors Civil: HUBEI - Mechanical: TAIAN JIAN ٠ Electrical: HBYN - Other: LAI WU SHAO, JIANG XI **Gross Capacity** : 1230.54 MW (at RSC) Net Capacity : 1207.9 MW (at RSC) **Primary Fuel** : R-LNG Back-up / Alternate Fuel : HSD : Combined Cycle Gas Turbines (CCGT), GE H-Class Technology GT : 62.445 % (RLNG) & 54.054 % (HSD) Plant Efficiency **Project Cost** : USD 853.774 million • **Capital Structure** : 70% debt & 30% equity **Important Events** Tariff Determination by NEPRA :9th August 2016 LOS Issuance date : 22nd September 2016
 - PPA & GSA Signing Date : 29th October 2016
 - IA signing Date : 14th November 2016
 - Financial Close : 28th November 2016
 - GT1 & GT2 Commissioning : Expected shortly

Project Status

The project has achieved substantial progress at site. While the open cycle commissioning of gas turbines is expected in July 2017, the Commercial Operations of the plant in combined cycle mode is expected in first quarter of 2018.

1263 MW RLNG BASED PUNJAB THERMAL POWER PROJECT

Pursuant to the Cabinet Committee on Energy (CCE) decision dated 6th June 2017 and the Ministry of Water & Power (MoW&P) directions, PPIB initiated processing of a 1100-1400 MW R-LNG based IPP near Trimmu, Jhang District, Punjab.

Punjab Thermal Power (Pvt.) Ltd. (PTPL), a wholly owned company of the Government of Punjab (GoPb) and incorporated under the Companies Act 2017, has approached PPIB to register PTPL for issuance of LOI for the Project. PTPL/GoPb has intended to engage an EPC contractor along with OEM through the process of International Competitive Bidding (ICB) in accordance with Punjab Public Procurement Rules 2014.

PTPL provided various documents / confirmations including GoPb approval and recommendation of the Project as IPP, MoW&P direction to PPIB to process the Project as IPP, Gas allocation letter from MoP&NR, CPPAG's BoD consent for power purchase, NTDCL consent for power dispersal etc. The LOI would be issued to PTPL after review of the information / documents and upon approval by the competent authority to process the Project as IPP as per provisions of the GoP's Power Generation Policy 2015.

ICB for 1200 (±10%) MW R-LNG BASED IPP AT MUZAFFARGARH, PUNJAB

Upon the directives of Government of Pakistan, PPIB initiated processing of International Competitive Bidding (ICB) for establishment of 1200 (\pm 10%) MW R-LNG based power plant in IPP mode at Muzaffargarh under the Power Generation Policy 2015.

The Project was discussed and approved in 108th meeting of the Board held on 28th October 2016. Subsequently, on 2nd November 2016, NEPRA approved the RFP submitted by PPIB and also provided Benchmark Tariff for the ICB.

The advertisement for the ICB was published in National and International Press on 4th November 2016. Ten (10) parties got registered with PPIB and were issued RFPs for the Project till 15th December 2016. No bid was received for the initiative by the deadline of 20th December 2016.



3.5 Development of Transmission Line Network in Pakistan

Transmission line is the long conductor with special design (bundled) to carry bulk amount of generated power at very high voltage from one station to another as per variation of the voltage level. Power transmission network is the most important link in the energy system. Existing transmission network of country needs to be strengthened and made reliable for achieving sustainability in the system. The GoP is working on upgrading the existing transmission network to make it more reliable and efficient while at the same time private sector is being encouraged to contribute in network expansion. So far, Pakistan's first ever HVDC Transmission Line project has already been initiated in the private sector under China-Pakistan Economic Corridor (CPEC), while several other projects are being planned to launch through international competitive bidding. Currently, ±660 kV HVDC transmission line project is being set up between Matiari and Lahore to connect the most densely populated areas of the country. 4000 MW will be transmitted through this line, making the evacuation and circulation of CPEC energy projects flawless. PPIB has been given the responsibility to implement this project of national importance in the private sector. PPIB is diligently processing this project to ensure timely completion. Brief on the project is given below:



Matiari-Lahore Transmission Line Project

±660 kV HVDC / 4000 MW Matiari-Lahore (approx. 880 km) Transmission Line Project along with Converter and Grounding Stations at Matiari and Lahore is being implemented under the Agreement on China Pakistan Economic Corridor (CPEC), the energy project cooperation between China and Pakistan. It is the first HVDC Transmission Line Project in Pakistan as well as the first private sector transmission line project being processed under GOP Transmission Line Policy 2015.

Earlier, NTDC signed Cooperation Agreement with State Grid Corporation of China (SGCC) on 20th April 2015 wherein SGCC nominated its subsidiary i.e. China Electric Power Equipment & Technology Company Ltd. (CET) as EPC Contractor for the Project. The tariff petition for the Project was filed by PPIB with NEPRA on 8th February 2016 and the Tariff was determined by NEPRA on 18th August 2016. A Motion for Leave for Review on Authority's tariff determination was filed on 2nd September 2016 considering CET's request and directives of MoW&P. NEPRA announced its



decision on Motion for Leave for Review on 24th November 2016.

ECC of the Cabinet vide its decision dated 20th December 2016 authorized the MoW&P/PPIB to proceed in terms of Rule 5 of Public Procurement Rules 2004 to process the Transmission Line Project to SGCC/CET subject to their unconditional acceptance of NEPRA's approved Tariff for the Project and fulfillment of other applicable provisions of Transmission Line Policy 2015 on the basis of fact that the Project has been conceived and awarded under CPEC.

In the 6th meeting of the JCC held on 29th December 2016 in Beijing, China, it was *inter-alia* agreed that CET which is a subsidiary of SGCC will be the Project's sponsor. The Project Agreements i.e. IA and TSA were discussed in several meetings between sponsor and GoP entities and were initialed in China.

Subsequently, CET submitted application to PPIB on 10th January 2017 for registration and issuance of Letter of Intent (LOI) for the Project through a Special Purpose Vehicle (SPV), i.e. Pak Matiari-Lahore Transmission Company (Pvt.) Limited (PMLTC) incorporated under the laws of Pakistan. PPIB Board in its 109th meeting held on 15th February 2017 approved processing of the Project and issuance of LOI to CET/PMLTC. Accordingly, the Application/Proposal submitted by PMLTC on behalf of CET on 9th March 2017 was processed by PPIB and the LOI was issued to CET on 27th March 2017.



MISCELLANEOUS ACTIVITIES

LINE

philes.

I Unit

4.1 We value our Human Capital

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

- Human Capital Development:

HR Development is a dynamic process that relies on one's motivation, effort, and determination to learn and progress which enables organizations to change, flourish and grow. Capacity building of the employees is the top priority of PPIB. Furthermore,



effective guidance and communication from the seniors to their subordinates is encouraged to promote knowledge sharing, organizational learning, and effective leadership. At PPIB, development of the human capital are planned strategically in order to enhance their selfdevelopment and self-management.



- Event Management:

PPIB arranged a training workshop in March 2017 at Bhurban on "Achieving Optimal Productivity in Public Sector Constraints". A renowned international trainer Mr. Wali Zahid had been engaged to deliver lecture and presentation. This was a team building activity where employees had informal discussions and developed better networking.

Number of foreign delegations visited Islamabad for exploring investment opportunities in the power sector of Pakistan. PPIB successfully managed following delegations and arranged meetings of PPIB and GOP officials with the delegates.

- i. Central Asia Regional Economic Cooperation (CAREC)-Energy Investment Forum held on October 24, 2016 at Serena Hotel, Islamabad.
- ii. CPEC Energy Working Expert Panel Visit to Pakistan from 6-15 February 2017 to review progress of existing CPEC projects and to visit North Indus including Diamer Basha Dam for

hydro planning. Conferences and meetings were arranged by PPIB from 9th to 14th February 2017 at a local five star hotel in Islamabad.

- Schemes for Employees Benefits:

a) EOBI Scheme:

PPIB management decided to adopt EOBI scheme voluntarily for benefit of its employees which was approved by the Board of PPIB in its 110 meeting held on June 7, 2017. Some benefits of EOBI Scheme are as under:

- Old age pension after completing 60 years of age subject to completion of minimum 15 years' service.
- Employees having service less than 15 years will get lump sum balance amount after reaching 60 years of age as per EOBI policy.
- Survivor's pension.
- b) Hajj Scheme:

Low paid employees of public sector organizations/corporate entities are accommodated against reserved seats subject to payment of Hajj dues under the concept of "Corporate Social Responsibility". PPIB, after approval of its Board in the 110th meeting held on June 7, 2017 adopted this policy for employees from staff grades SG-I to SG-IV. Each year an employee from these grades is nominated through balloting against the reserved seats as per the Hajj Policy and all expense in this regard is paid by PPIB from its own budget. Mr. Sultan Muhammad, Driver performed Hajj under this scheme in the year 2017



Sultan Muhammad, Driver performing Hajj

4.2 State of the Art Information and Communication Technology Support

Information and Communication Technology (ICT) contribution in any business has been recognized as a major catalyst to achieve the targets. PPIB has always focused to provide right information to right person at right time. IT was always there from top management down to entry position in the form of

- State of the art Hardware/Software
- Video Conferencing.
- IT Equipped Board Room
- Availability of Information for right decision making
- Remote Connectivity
- Official Email
- Database
- Proactive approach of Project Management
- High Speed Internet
- Scanning of Record



4.3 Media and Public Relations

During the year 2016-17, a number of events/ meetings held at PPIB and most of them were given coverage in the media both print and electronic.

As we know that the PPIB has completed thirty one independent power projects of more than 9,000 MW and attracted US \$ 10 billion. These were specifically highlighted in leading newspapers on their completion.

In the year 2016-17, besides other routine activities of PPIB Board meetings, media gave due coverage to 878 km



long Matiari-Lahore transmission line project, approval of four projects of 1420 MW, approval of time frame of Thar coal based power projects, implementation of 11000 MW power projects under CPEC, issuance of LOI to two hydro power projects of 408 MW, Security Package Agreements for two coal based projects, Financial Close of largest private sector Hydro IPP of 870 MW Suki Kinari Project and LOS signing ceremony for development of 700 MW Azad Pattan Hydro Power Project etc.

Through the media, the masses have been given awareness about the power sector and informed about progress in the development of the power projects. The message regarding reduction in the power crises was effectively spread while incentive based policies of the government were highlighted to facilitate the investors in the power sector.

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

4.4 Support Extended to GoP in Arranging Various Events

The rich experience in dealing with sponsors and their respective lenders hailing from all over the world has given PPIB a foresight and a vision which is useful for other sectors also. Whether it is the development of hydel or coal resources or drafting policies and implementation of projects at provincial level, PPIB is always there to support them as a guide. It is due to PPIB's assistance that the GoP successfully arranged various investment forums and Summits during 2016-17. With the active support of PPIB, following major events of national importance were arranged quite successfully and tremendous commendation was grabbed by PPIB in this regard.

- 9th Annual Power Gen Conference 2017

9th Power Generation Conference 2017 was held on 19th May 2017 in Serena Hotel Islamabad. The event was organized by the Energy Update. The conference was graced by the President of Azad, Jammu and Kashmir Sardar Masood Khan, Ambassadors of European Union and the Denmark while best minds in country's energy arena also attended the conference. Minister of State for Water and Power Ch. Abid Sher Ali, graced the occasion as chief guest. Mr. Shah Jahan Mirza, Managing Director of Private Power Infrastructure Board, highlighted various dynamics of Pakistan's power sector and informed that the country would achieve target of installed power generation capacity of up to 23,000 MW in a span of few years. The other speakers urged that reliance on hydro, solar,



wind, and indigenous coal resources for power generation should be increased so that energy production in the coming years could be done more on sustainable basis with less generation cost. It was agreed unanimously that establishing RLNG (Re-gasified Liquefied Natural Gas) based power plants was a right move towards efficient electricity generation that would ultimately be helpful in lowering power tariff for consumers.

- First Energy Investment Forum:

Energy Sector Coordinating Committee (ESCC) of Central Asia Regional Economic Cooperation (CAREC) arranged first CAREC Energy Investment Forum (EIF) at Serena Hotel, Islamabad on 24th October 2016. CAREC is a committed partnership of 10 countries (Afghanistan, Azerbaijan, Peoples Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan), supported by the Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Program, and World Bank to promote development through regional cooperation.


The aim of the EIF is to increase investors' awareness of the opportunities in the Central Asia energy sector in both conventional and clean energy technologies. The EIF, with the assistance from Asian Development Bank and other multilateral development agencies, provides CAREC countries the opportunity to showcase successes realized, attract interest of national and foreign private sector to invest in the region, and develop possible partnerships to maximize potential investments.

The Economic Affairs Division, Ministry of Water & Power, and Private Power and Infrastructure Board (PPIB) provided full assistance to this forum. Federal Minister for Water & Power Khawaja Muhammad Asif and Vice President Asian Development Bank Mr. Wencai Zhang graced the event while the delegates from all member states of CAREC which include Afghanistan, Azerbaijan, Peoples Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan beside representatives from renowned financial institutions of the region, government representatives, regulators, stakeholders and private sector members participated. PPIB is now a role model organization in the region which is evident from this Investment Forum where PPIB was portrayed as a knowledge sharing organization having rich experience in dealing with sponsors and respective lenders hailing from all over the world in the energy sector.

- CPEC Summit and Expo:

CPEC Summit and Expo was held on 29th August 2016 at Pak-China Friendship Centre by the GoP. Ministry of Water & Power, and Private Power and Infrastructure Board (PPIB) participated and provided full assistance to this event. The Prime Minister of Pakistan inaugurated the Summit & Expo. A large number of public sector departments as well as private sector sponsors and groups involved in the CPEC energy and infrastructure projects in particular participated in the event and established their stalls to showcase their activities, achievements and future plans as well as further investment opportunities in respective sectors. PPIB established its stall where detailed information related to Pakistan's power sector particularly CPEC energy projects was made available for the

visitors and participating entities. PPIB published its brochures, documentary and presentation which were well equipped with the latest information about the power sector and CPEC. High level officials from Ministry of Water & Power and PPIB remained available at the stall to respond to various queries raised by the visitors.







FUTURE PLANS

5.1 Future Plans

PPIB is currently handling twenty nine (HYDRO, COAL and RLNG) power projects of more than 19000 MW which are located in all four provinces and AJ&K. PPIB is fully determined in providing maximum facilitation to these projects in removing bottlenecks for their smooth and effective implementation. PPIB is processing the most diversified portfolio of its history which is a unique blend of indigenous thar coal and hydro based projects while less expensive imported coal and RLNG based projects are also included. PPIB has achieved tremendous advancement in the power sector of the country during 2016-17, as the projects which were initiated in 2015 are starting to emerge as a reality. Various projects have either completed construction or expected to complete it in the near future while some projects have been partially commissioned too. PPIB intends to further broaden its portfolio of IPPs and Transmission Line Projects in future.

In March 2015, Government of Pakistan announced Power Generation Policy 2015 wherein *interalia* a Tri-partite Letter of Support regime was introduced to facilitate SHPP initiated by the Provinces/ AJ&K/Gilgit-Baltistan. Accordingly, after getting approval of its Board, PPIB has entered into Facilitation Agreements with the Governments of Punjab, KP and AJ&K for further processing their SHPPs under Tripartite LOS arrangement. Under the said arrangement, respective government shall award the projects by issuing LOI in accordance with the applicable policy and after successful completion of the milestones; it shall recommend such projects to PPIB for further processing under the applicable GoP Policy (Presently Power Generation Policy 2015). A Tripartite LOS will be issued to the projects' sponsors/companies and PPIB will facilitate through signing of Implementation Agreement and issuing GOP Guarantee under the provisions of Power Generation Policy 2015.

PPIB is also discharging the role of agent for AJ&K in processing and developing hydropower projects and committed to play its due role in future for facilitating hydropower projects initiated by the Government of AJ&K.

PPIB is planning to solicit proposals for development of following hydropower projects through International Competitive Bidding under the provisions of Power Generation Policy 2015 (Salient features of Power Generation Policy 2015 and Transmission Line Policy 2015 are at Appendix-I).

S.No.	Project Name	Location of Project	Capacity (MW)
1	Chakothi-Hattian Hydropower Project	Muzaffarabad, AJ&K	500
2	Rajdhani Hydropower Project	Poonch River AJ&K	132
3	Neckeherdim-Paur Hydropower Project	Yarkun River, Chitral Valley KP	80
4	Madian Hydropower Project	Swat River, KP	157

The Advertisement in this regard would be given in the leading national and international newspapers while same would also be disseminated to Pakistani Missions abroad through diplomatic bag as well as through email and similarly foreign missions in Pakistan through courier and email. For getting maximum response, advertisement would also be placed on PPRA and PPIB websites.

PPIB is already processing a Matiari-Lahore Transmission Line Project under the CPEC, however, another HVDC Transmission Line Project is expected to be processed by PPIB under CPEC. Furthermore, NTDC has also recently referred few transmission line projects to PPIB for ICB. PPIB will gear-up its efforts for improving Transmission system to make it reliable, efficient and sustainable.

Besides initiating new projects, PPIB is paying full attention to ongoing projects for their smooth and timely implementation. For this purpose, best guidance and facilitation is being provided by PPIB to the project sponsors. Current portfolio of projects being implemented by PPIB is given at **Appendix-II** while portfolio of IPPs commissioned through PPIB is given at **Appendix-III.** Location-wise map of ongoing and commissioned IPPs is given at **Appendix-IV.**

The increased generation and removal of system constraints will bring sustainability in the entire power sector. However, futuristic investments will still require to be made into all spheres of power sector, from generation to distribution. PPIB is highly committed to keep on working beyond 2016-17 to turn the entire power setup into a modern, efficient and resilient system in line with the aim to enhance energy security of the country.

Annual Report 2017



PICTORIAL COVERAGE IN MEDIA

Board Meetings

110th Meeting held on 7th June 2017



FEDERAL MINISTER FOR WATER & POWER, KHAWAJA MUHAMMAD ASIF PRESIDING OVER 110TH BOARD MEETING OF PRIVATE POWER AND INFRASTRUCTURE BOARD TO REVIEW THE PROGRESS OF ONGOING POWER PROJECTS AND OTHER MATTERS AT ISLAMABAD ON JUNE 7, 2017.

109th Meeting held on 15th February 2017



FEDERAL MINISTER FOR WATER AND POWER, KHAWAJA MUHAMMAD ASIF PRESIDING OVER 109TH BOARD MEETING OF PRIVATE POWER AND INFRASTRUCTURE BOARD TO REVIEW THE PROGRESS OF ONGOING POWER PROJECTS AT THE MINISTRY OF WATER & POWER IN ISLAMABAD ON FEBRUARY 15, 2017.



108th Meeting held on 28th October 2016

107th Meeting held on 4th October 2016



FEDERAL MINISTER FOR WATER AND POWER, KHAWAJA MUHAMMAD ASIF PRESIDING OVER 107TH MEETING OF THE PRIVATE POWER & INFRASTRUCTURE BORAD IN ISLAMABAD ON OCTOBER 04, 2016.



Coverage of Projects Processing /Miscellaneous Events Through Camera Eye

Inauguration of First Unit (660 MW) of 1320 MW Sahiwal Imported Coal based Power Project on 25th May 2017



Dignitaries of 9th Annual Power Gen Conference 2017 held on 19th May 2017 in Serena Hotel, Islamabad



Mr. Shah Jahan Mirza addressing the 9th Annual Power Gen Conference 2017 held on 19th May 2017 in Serena Hotel Islamabad



Inauguration of 1180 MW RLNG based Bhikki Power Plant on 19th April 2017



Federal Minister for Water & Power talking to press after signing ceremony of 1320 MW and 330 MW Coal fired Power Plants in Islamabad on 25th January 2017



870 MW Suki Kinari Hydropower Project achieved Financial Close on 31st December 2016



Dignitaries of the 1st Energy Investment Forum - 24th October 2016



Letter of Support issued by PPIB to 1320 MW Thar Coal Block-1 Power Generation Co. (Shanghai Power Project) on 20th July 2016



AUDITED STATEMENT OF INCOME AND EXPENDITURE, BALANCE SHEET OF PPIB FOR THE YEAR 2016-17

7.1 Audited Statement of Income and Expenditure, Balance Sheet of PPIB for the Year 2016-17

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 2016-17 have been audited by Riaz Ahmed and Company, Chartered Accountants are placed at **Appendix-V.** The auditors have issued an un-qualified report.

Appendix-I

Salient features of Power Generation Policy 2015

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

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

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

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

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

b) Projects Awarded/Recommended by Provincial/AJK/GB Government

c) Alternate Modes

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

• Projects approved/recommended to PPIB by concerned provinces/ AJK/GB, PPIB may process the project further under this Policy.

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

Salient features of Transmission Line Policy 2015

- PPIB will be responsible for coordinating with all the agencies and Ministries concerned and taking decisions, monitoring the performance of private sector projects in accordance with the agreements and safeguarding the interests of the consumers
- The Transmission Line projects will comprise one or more Transmission Line sections along with associated Grid/Converter Stations & other components.
- Transmission Line Projects would be offered on Build, Own, Operate, and Transfer (BOOT) basis
- Term of these projects will be 25 years, following which they will be transferred to National Transmission and Dispatch Company limited NTDCL.
- Long term Implementation Agreement (IA) and Transmission Services Agreement (TSA)
- TSA will be executed with independent power transmission projects.
- GOP will provide guarantee for payment obligations of the (NTDCL).
- The Government will provide protection against (i) specific force majeure risk and (ii) changes in certain taxes and duties
- Exemption from corporate income tax including turnover rate tax and withholding tax on imports
- Import plant and equipment upon payment of reduced Customs Duty of 5%
- All tariff payments to the (Independent Transmission Company (ITC) will be in Pak Rupees (PKR)
- The projects will be allowed indexation in line with tariff indexation available to the IPPs developed under the 2002 Power Policy
- Withholding tax on dividends @ 7.5%

Appendix-II

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Current	Portfolio of	Upcoming IPPs
Current		opooning in i s

Sr.#	Project	Sponsor/	Location	Fuel	Capacity	Expected
		Company Name			(MW)	COD/Remarks
	2017			Letter the second se		
1	Patrind Hydropower Project	Star Hydropower Limited	Kunhar River, KP/AJ&K	Hydel	147	Aug-17 Under testing & commissioning
2*	1320 MW Imported coal based Power Project at Qadarabad Dist Sahiwal	Huaneng Shandong Ruyi (Pakistan) Energy (Pvt) Limited	Qadarabad, District Sahiwal	Coal	<u>First Unit</u> 660MW <u>Second Unit</u> 660MW	Inaugurated on 25.05.17 Inaugurated on 03.07.17
3(i)*	1320 MW Imported coal based Power Project	Sinohydro Resources Limited, China / Al Mirqab Capital, Qatar	Port Qasim, Karachi	Coal	<u>First Unit</u> 660 MW	Dec-17 Under construction
4	1180 MW RLNG based Project at Bhikki	QATPL	Bhikki, Punjab	RLNG	1180	Open Cycle (717 MW) commissioned Combined Cycle by Dec-17
5(i)	1223 MW RLNG based Project at Balloki, Punjab	NPPMCL	Balloki, Punjab	RLNG	<u>GT1 & GT2</u> 800MW	Open Cycle by Sep-17
6(i)	1230 MW RLNG based Project at Haveli Bahadur Shah, Punjab	NPPMCL	Haveli Bahadur Shah, Punjab	RLNG	<u>GT1 & GT2</u> 800MW	Open Cycle (760 MW) inaugurated on 07.07.17
			Sub Total (2017)		4907	
	2018					
5(ii)	1223 MW RLNG based Project at Balloki, Punjab	NPPMCL	Balloki, Punjab	RLNG	<u>ST</u> 423 MW	Combined Cycle by Jan-18
6(ii)	1230 MW RLNG based Project at Haveli Bahadur Shah, Punjab	NPPMCL	Haveli Bahadur Shah, Punjab	RLNG	<u>ST</u> 430 MW	Combined Cycle by Jan-18
7(i)*	1320 MW Imported coal based Power Project at HUB Balochistan	Hub Power Company /China Power Hub Generation Co. (Pvt) Ltd.	HUB, Balochistan	Coal	<u>First Unit</u> 660 MW	Dec-18 LOS issued FC in progress (under construction)
8(i)*	660 MW Thar Coal	Engro Powergen	Thar	Coal	<u>First Unit</u>	Dec-18
	based Power Project	Thar Limited	Block-II, Sindh		330 MW	FC achieved Under construction
3(ii)*	1320 MW Imported	Sinohydro Resources	Port Qasim,	Coal	Second Unit	Jun-18
	coal based Power	Limited, China / Al	Karachi		660 MW	FC achieved.
	Project	Mirqab Capital, Qatar				Under construction
			Sub Total (2018	3)	2503	
	2019					
9	163MW imported coal based Power Project at Arifwala Punjab	Grange Power Limited	Arifwala, Punjab	Coal	163	Jan-19 LOS issued FC in progress

Sr.#	Project	Sponsor/	Location	Fuel	Capacity	Expected
		Company Name			(MW)	COD/Remarks
7(ii)*	1320 MW Imported coal based Power Project at HUB Balochistan	Hub Power Company/ China Power Hub Generation Co. (Pvt) Ltd.	HUB, Balochistan	Coal	Second Unit 660 MW	Aug-19
10	Gulpur Hydropower Project	Mira Power Ltd	Poonch River/ Gulpur, AJ&K	Hydel	102	Oct-19 FC Achieved Under Construction
8(ii)*	660 MW Thar Coal based Power Project	Engro Powergen Thar Limited	Thar Block-II, Sindh	Coal	<u>Second Unit</u> 330 MW	Jun-19
			Sub Total (2019	9)	1255	
	2020					
11*	1320 MW Thar Coal based Power Project	Shanghai Electric	Thar Block-I, Sindh	Coal	1320	Jun-20 LOS issued FC in progress
12*	330 MW Thar Coal based Power Project	Hub Power Company Ltd	Thar Block-II, Sindh	Coal	330	Dec-20 LOS issued FC in Progress (under construction)
13*	330 MW Thar Coal based Power Project	Thal Nova Power (Pvt) Ltd	Thar Block-II, Sindh	Coal	330	Dec-20 LOS issued FC in Progress
			Sub Total (2020)	1980	
	2021					
14	660 MW Thar Coal based Power Project near Port Qasim	Lucky Electric Power Company Ltd.	Port Qasim, Karachi	Coal	660	Jun-21 LOS issued FC in progress
15	330 MW Thar Coal based Power Project	Siddiqsons Limited	Thar Block-II	Coal	330	Sep-21 LOS issued FC in progress
16*	1320MW Thar coal based Power Project	Oracle Coal Fields PLC England	Thar Block VI, Sindh	Coal	1320	2nd quarter of 2021 Project proposal yet to be submitted
17*	300 MW Imported coal based Power Project at Gawadar	China Communication Construction Co. Ltd. (CCCC)	Gwadar	Coal	300	Dec-21 LOI issued Tariff determination in Progress
18*	Karot Hydropower Project	Karot Power Company Pvt Ltd	Jehlum River, Distt. Rawalpindi Punjab	Hydel	720	Dec-21 FC achieved Under construction
			Sub Total (202	1)	3330	
	2022					
19*	Suki Kinari Hydropower Project	S.K Hydro Pvt Ltd	Kunhar River/ Mansehra, KP	Hydel	870	Dec-22 FC achieved Under construction
			Sub Total (2022	2)	870	

Sr.#	Project	Sponsor/	Location	Fuel	Capacity	Expected
		Company Name			(MW)	COD/Remarks
	2024					
20*	Kohala Hydropower Project	China International Water & Electric Company	Jehlum River/ Kohala, AJ&K	Hydel	1124	Jun-24 LOS issued FC in progress
21	Azad Pattan Hydropower Project	Alamgir Power Pvt Ltd	Jehlum River/ Sudhnoti, AJ&K	Hydel	700	Dec-24 LOS issued FC in progress
22	Kaigah Hydropower Project	Telecom Valley Pvt Ltd	Kaigah/Indus River, KP	Hydel	548	Dec-24 Feasibility Study completed. Sponsors submitted feasibility study level tariff to NEPRA
			Sub Total (2024	4)	2372	
	2025					
23	Mahl Hydropower Project	CWE Investment Corporation/ China Three Gorges & Trans Tech Pakistan	Jehlum River, AJ&K/Punjab	Hydel	640	Dec-25 LOI issued. FS completed and approved by POE. Tariff Application has been filed with CPPAG for negotiation
24	Turtonas-Uzghor Hydropower Project	Sinohydro Corporation	Golen Gol River, Chitral Valley KP	Hydel	58	Dec-25 LOI issued. Feasibility Study in progress
25	Athmuqam Hydropower Project	Korea Hydro and Nuclear Company	Neelum River, AJ&K	Hydel	350	Dec-25 LOI issued. Feasibility Study in progress
			Sub Total (2028	5)	1048	
26	Chakothi-Hattian Hydropower Project	-	Muzaffarabad, AJ&K	Hydel	500	
27	Rajdhani Hydropower Project	-	Poonch River AJ&K	Hydel	132	To be advertised shortly. COD will
28	Neckeherdim-Paur Hydropower Project	-	Yarkun River, Chitral Valley KP	Hydel	80	be assessed after issuance of LOI
29	Madian Hydropower Project	-	Swat River, KP	Hydel	157	
			Sub Total		869	
			Grand Total		19134	

TRANSMISSION LINE PROJECT

Sr.#	Project	Sponsor/Company Name	Location	Technology	Expected COD/Remarks
1*	Matiari-Lahore HVDC Transmission Line Project	China Electric Power Equipment and Technology Co. Ltd. (CET)/ State Grid Corporation of China (SGCC)	Matiari to Lahore (Approx 880 Km)	± 660 kV HVDC Transmission Line	End 2019 LOI issued. Tariff Approved by NEPRA LOS in process

CPEC Projects
 ** COD will be assessed after issuance of LOI

GT = Gas Turbine

ST = Steam Turbine

Appendix-III

PPIB'S PORTFOLIO OF COMMISSIONED PROJECTS

Sr. No	Project Name	Location	Gross/ Installed Capacity (MW)	Commercial Operation Date (COD)
Pri	or to 1994 Power Policy:			
1	Hub Power Project , (HUBCO)	Tehsil Hub, District Lasbela, Baloshistan	1,292	31.03.97
Un	der 1994 Power Policy:			
2	Lalpir Power Project	Mehmood Kot, Muzaffargarh, Punjab	362	06.11.1997
3	Pak Gen Power Project	Mehmood Kot,	365	01.02.1998
		Muzaffargarh, Punjab		
4	Altern Power Project	Fateh Jang, Attock	31	06.06.2001
				(1st Phase)
				20.09.2008
				(2nd Phase)
5	Fauji Kabirwala Power Project	Kabirwala, District Khanewal	157	21.10.1999
6	Gul Ahmed Energy Project	Korangi Industrial Township, Karachi	136	03.11.1997
7	Habibullah Coastal Power Project	Quetta	140	11.09.1999
8	Japan Power Generation Project	17 km Jia Bagga, Off Raiwind Road, Lahore	120	14.03.2000
9	Kohinoor Energy Project	Raiwind-Manga Road; Near Lahore	131	20.06.1997
10	TNB Liberty Power Project	Daharki, Distt. Ghotki, Sindh	235	20.09.2001
11	Rousch (Pakistan) Power Project	Abdul Hakeem Barrage, District Khanewal	450	11.12.1999
12	Saba Power Project	Farouqabad, Shiekhupura, Punjab	134	31.12.1999
13	Southern Electric Power Project	Raiwind Lahore, Punjab	117	12.07.1999
14	Tapal Energy Project	District West, Karachi	126	20.06.1997
15	Uch Power Project	Dera Murad Jamali, District Nasirabad, Balochistan	586	18.10.2000
16	Davis Energen Private Ltd	Jhang, Punjab	10.5	13.07.2013
17	Kot Addu Power Project (KAPCO)*	Kot Addu District, Muzaffargarh, Punjab	1,638	December 1996
		Total (1994 Power Policy)	6,030.50	
Un	der 1995 Policy			
18	New Bong Escape Hydropower Project	7.5 km Downstream Mangla Dam, Azad Jammu & Kashmir	84	23.03.2013

Sr. No	Project Name	Location	Gross/ Installed Capacity (MW)	Commercial Operation Date (COD)
Un	der 2002 Power Policy			
19	Attock Gen Power Project	Rawalpindi, Punjab	165	17.03.2009
20	Atlas Power Project	Sheikhupura, Punjab	225	18.12.2009
21	Engro Power Project	Qadirpur, Sindh	227	27.03.2010
22	Sahiwal Power Project	Sahiwal, Punjab	229	27.04.2010
23	Balloki Power Project	Balloki, Punjab	229	24.05.2010
24	Nishat Power Project	Near Lahore, Punjab	200	09.06.2010
25	Nishat Chunian Power Project	Near Lahore, Punjab	200	21.07.2010
26	Sapphire Power Project	Muridke, Punjab	225	05.10.2010
27	Liberty Power Tech Project	Near Faisalabad, Punjab	200	13.01.2011
28	HUBCO-Narowal Project	Narowal, Punjab	220	22.04.2011
29	Fauji Daharki Power Project	Daharki, Sindh	185	16.05.2011
30	Bhikki Power Project	Bhikki, Punjab	225	25.06.2011
31	Uch-II Power Project	Dera Murad Jamali, Balochistan	404	04.04.2014
		Total (1995 and 2002 Power Policy)	3,018	
		Grand Total	9,048	

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



Riaz Ahmad & Company

Chartered Accountants

Appendix-V

PRIVATE POWER AND INFRASTRUCTURE BOARD (PPIB)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017



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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 2017, and the statement of income and expenditure, the statement of comprehensive income, statement of changes in fund and reserve and statement of cash flows 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 2017, 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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



Riaz Ahmad & Company

Chartered Accountants

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due
 to fraud or error, design and perform audit procedures responsive to those risks, and obtain
 audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of
 not detecting a material misstatement resulting from fraud is higher than for one resulting from
 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
 override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

RIAZ AHMAD & COMPA Chartered Accountants

Name of engagement partner: Raheel Arshad

ISLAMABAD Date: 1.7 JUN 2019

PRIVATE POWER AND INFRASTRUCTURE BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

		2017	2016
	NOTE	(Rupees in the	nousand)
NON-CURRENT ASSETS			
Property and equipment	4	60,477	60,932
Intangible assets	5	1,028	880
Long term investments	6	127,115	187,511
Loans and advances	7	22,051	29,322
Deferred income tax asset	8	23,189	187,284
		233,860	465,929
CURRENT ASSETS			
Advances, prepayments and other receivables	9 [138,933	20,996
Advance tax	10	39,871	34,568
Short term investments	11	846,747	1,427,414
Cash and bank balances	12	518,907	216,689
	_	1,544,458	1,699,667
CURRENT LIABILITIES	_		
Provision against performance guarantees encashed	13	612,450	611,106
Staff gratuity	14	82,588	22,267
Accrued and other liabilities	15 [77,954	69,560
		772,992	702,933
NET ASSETS	-	1,005,326	1,462,663
REPRESENTED BY:			
PPIB Fund	16	921.832	1,405,917
Investments revaluation reserve		83,494	56,746
	_	1,005,326	1,462,663
CONTINGENCIES AND COMMITMENTS	17		

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

MANAGING DIRECTOR

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BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	NOTE	(Rupees in t	housand)
INCOME			
Performance guarantees encashed	18	-	135,620
Income from operations	19	133,737	88,645
Income from financial assets	20	52,452	95,171
Other income		836	781
		187,025	320,217
EXPENDITURE			
Salaries and benefits	21 [366,410	290,820
Repair and maintenance	22	6,252	4,973
Printing and stationery	23	2,527	2,043
Professional and legal services fee		5,052	5,041
Board meeting expenses		1,091	1,282
Traveling expenses		6,914	4,820
Office / ground rent		28,151	16,735
Telephone, fax, postage and courier		1,635	1,504
Fixed assets insurance		814	857
Utilities		4,072	1,982
Audit fee	-	363	363
Depreciation	4	9,844	5,400
Amortization	5	129	113
Provision against performance guarantees encashed	13.1	-	135,620
Bank charges		183	553
Advertisement expenses		2,188	7,599
Other expenses	24 L	6,873	5,202
		442,498	484,907
LOSS BEFORE TAX	-	(255,473)	(164,690)
Taxation	25	(165,336)	41,132
LOSS AFTER TAX	-	(420,809)	(123,558)

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

MANAGING DIRECTOR

BOARD MEMBER

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PRIVATE POWER AND INFRASTRUCTURE BOARD STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	2017 (Rupper in t	2016
	(Rupees in t	nousanu)
LOSS AFTER TAX	(420,809)	(123,558)
OTHER COMPREHENSIVE INCOME		
Items that will be subsequently reclassified to profit or loss		
Surplus on remeasurement of investments to fair value	26,952	2,101
Deferred income tax	(204)	296
	26,748	2,397
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of defined benefit plan	(63,905)	(4,755)
Deferred income tax	629	1,427
	(63,276)	(3,328)
Other comprehensive loss - net of tax	(36,528)	(931)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(457 227)	(124,400)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(457,337)	(124,489)

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

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MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD

STATEMENT OF CHANGES IN FUND AND RESERVE

FOR THE YEAR ENDED 30 JUNE 2017

	PPIB fund	Investments revaluation reserve	Total
	(Rupees in thous	and)
Balance as at 30 June 2015	1,532,803	54,349	1,587,152
Loss for the year Other comprehensive loss for the year	(123,558) (3,328)	- 2,397	(123,558) (931)
Total comprehensive loss for the year	(126,886)	2,397	(124,489)
Balance as at 30 June 2016	1,405,917	56,746	1,462,663
Loss for the year Other comprehensive loss for the year	(420,809) (63,276)	- 26,748	(420,809) (36,528)
Total comprehensive loss for the year	(484,085)	26,748	(457,337)
Balance as at 30 June 2017	921,832	83,494	1,005,326

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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 2017

	2017 2016 (Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(255,473)	(164,690)
Adjustments for non-cash and other items:		=
Depreciation	9,844	5,400
Amortization	129	(61 047)
Dividend income	(40,092)	(01,047)
Income on bank denosits	(3,288)	(11,024)
Interest on loans to employees	(2 548)	(3,810)
Provision for staff gratuity	18,683	17,512
Provision for leave encashment	15,134	10,627
Provision against performance guarantee encashed	-	135.620
Gain on sale of property and equipment	(831)	(639)
Unrealised foreign exchange loss - net	357	18,476
	(264,609)	(56,627)
Effect of working capital changes:		
(Increase) / decrease in advances, prepayments and other receivables	(117,937)	33,915
Increase in accrued and other liabilities	2,259	23,376
	(115,678)	57,291
Gratuity paid	(22,267)	(26,276)
Leave encashment paid	(8,999)	(9,445)
Income tax paid	(6,119)	(7,780)
	(37,385)	(43,501)
Net cash used in operating activities	(417,672)	(42,837)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(10,235)	(22,148)
Proceeds from sale of property and equipment	1,677	-
Intangible assets acquired	(277)	(214)
Insurance claim received on property and equipment		1,000
Decrease in long term loans and advances	2 200	17,250
Interest on loans to employees	2 548	2,505
Return on held to maturity investments received	33 540	55 813
Investments encashed	681.082	107,384
Net cash from investing activities	718,903	165,466
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	301,231	122,629
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	216,689	92,082
EFFECT OF EXCHANGE RATE CHANGES	987	1,978
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	518,907	216,689
The annexed notes form an integral part of these financial statements.		
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MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 STATUS AND OPERATIONS

- 1.1 Private Power and Infrastructure Board (PPIB) was constituted in August 1994 under a Federal Government Notification to act as one window organization on behalf of all the agencies and Ministries of the Government of Pakistan (GOP) to process and facilitate private sector power projects, monitor their performance and perform all other related functions. The registered office of the Board is situated at Mauve Area, Sector G-8/1, Islamabad.
- 1.2 Private Power and Infrastructure Board (PPIB) Act No.VI of 2012 (the Act), was enacted on 02 March 2012 for establishment of PPIB as a body corporate having perpetual succession & common seal, independent in performance of its functions and competent to sue and be sued in its own name and acquire and hold property. As per the Act, PPIB is responsible for implementing the power policies of the Government of Pakistan, the development and implementation of power projects and related infrastructure in the private sector and on public-private partnership basis, enter into agreements & contracts, to provide for matters connected therewith or incidental thereto, etc.

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

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

Employee benefits

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

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

Taxation

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

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

The following amendments to published approved accounting standards are mandatory for the Board's accounting periods beginning on or after 01 July 2016:

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

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

2.5 Amendments to published standards that are effective in current year but not relevant to the Board

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Board's financial statements and are therefore not detailed in these financial statements.
2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Board

Following standards and amendments to existing standards have been published and are mandatory for the Board's accounting periods beginning on or after 01 July 2017 or later periods:

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

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. The aforesaid standard is not expected to have a material impact on the Board's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Board is in the process of evaluating the impacts of the aforesaid standard on the Board's financial statements.

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

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

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

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

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Board's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Board's financial statements and have therefore not been analyzed in detail.

2.7 Standards and amendments to published standards that are not yet effective and not considered relevant to the Board

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 but are considered not to be relevant or do not have any significant impact on the Board's financial statements and are therefore not detailed in these financial statements.

2.8 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 **Property and equipment**

a) Cost

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

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

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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 prorata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

c) Repairs and maintenance

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

d) Gains and losses on disposal

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

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

e) Capital work in progress

Capital work in progress is stated at cost.

3.2 Intangible assets

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

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

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

3.3 Financial instruments

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

3.4 Financial assets

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

3.4.1 Held to maturity investments

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

3.4.2 Available for sale investments

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

3.5 Trade debts and other receivables

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

3.6 Accrued and other liabilities

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

3.7 Employee retirement benefits

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

3.7.1 Defined benefit plans

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

The fund is administered by trustees. Annual contributions to the gratuity fund is based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 14 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at 30 June 2017.

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

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

3.7.2 Defined contribution plan

PPIB operates and manages an unfunded contributory provident fund scheme for all its regular employees who have completed the probation period.

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

3.8 Leave encashment

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

3.9 Taxation

Income tax expense comprises of current and deferred tax.

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Current

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

Deferred tax

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

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

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

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

3.10 Revenue recognition

Revenue from operations is recognized as follows:

-Registration fee, request for quotation fee, expression of interest fee and project processing fee is recognized on receipt basis.

-extension of letter of intent (LOI) and letter of support (LOS) is recognized when the extension is approved by Board.

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

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

3.11 Operating leases

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

3.12 Offsetting

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

3.13 Foreign currencies

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

3.14 Cash and cash equivalents

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

3.15 Provisions

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

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	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	t h o u s a n d				
At 01 July 2015										
Cost	15,014	7,061	•	15,522	8,736	1,612	17,376	901	15,139	81,361
Accumulated Depreciation		4,066		10,909	6,247	1,397	13,574	623		36,816
	15,014	2,995		4,613	2,489	215	3,802	278	15,139	44,545
Year ended 30 June 2016										
Opening net book value	15,014	2,995		4,613	2,489	215	3,802	278	15,139	44,545
Additions		251	14,298	1,684	1,110	305	4,465	5	30	22,148
Disposals:										
Cost			•	•			1,592		•	1,592
Accumulated depreciation		'		•			(1,231)			(1,231)
	•	•	•	•	•		361			361
Depreciation charge		510	393	1,595	811	82	1,957	52		5,400
	15,014	2,736	13,905	4,702	2,788	438	5,949	231	15,169	60,932
At 30 June 2016										
Cost	15,014	7,312	14,298	17,206	9,846	1,917	20,249	906	15,169	101,917
Accumulated Depreciation		4,576	393	12,504	7,058	1,479	14,300	675		40,985
	15,014	2,736	13,905	4,702	2,788	438	5,949	231	15,169	60,932
Year ended 30 June 2017										
Opening net book value Additions	15,014 -	2,736 1.376	13,905	4,702 1 174	2,788 458	438 -	5,949 3 845	231	15,169 480	60,932 10 235
Disposals:		0/0/7	20612	- / 7 / 7			CL0/C	'	00+	007/07
Cost Accumulated depreciation		1,854 (1,040)		1,071 (1,071)	3,308 (3,308)	1,425 (1,393)	1,592 (1,592)			9,250 (8,404)
and the second second		814	- E 173	·		32], z		846
	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649	60,477
At 30 June 2017	15 014	100 2		000 21	500.5	507		900	15 640	C00 C01
cost Accumulated Depreciation	- -	0,03 1 3,910	5,516	13,106	0,990 4,473	160	14,534	726	 -	42,425
	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649	60,477
Rate of depreciation (per annum)		10%	33%	20%	15%	15%	20%	10%	•	
Capital work in progress										

4 PROPERTY AND EQUIPMENT

4.1 0

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

			(Rupees in thousand)
5	INTANGIBLE ASSETS - Computer softwares		
	At 1 July 2015		1,094
	Cost		315
	Accumulated Amortization		779
	Year ended 30 June 2016		
	Opening net book value		779
	Additions		214
	Amortization charge		113
			880
	At 1 July 2016		
	Cost		1,308
	Accumulated Amortization		428
			880
	Year ended 30 June 2017		
	Opening net book value		880
	Additions		277
	Amortization charge		129
			1,028
	At 30 June 2017		
	Cost		1,585
	Accumulated Amortization		557
			1,028
	Rate of amortization (per annum)		10%
		2017	2016
	NOTE	(Rupees in	n thousand)

6	LONG TERM INVESTMENTS			
	Held to maturity	C 1	00.254	205 299
	Pakistan Investment Bonds (PIBS)	6.1	3 735	205,200
	Accrued profit		93,989	214,887
	Available for sale			
	National Investment Trust (NIT) 1,517,960 units (2016: 1,449,798 units)		42,605	36,896
	Surplus on remeasurement of investment to fair value		84,510	57,558
			127,115	94,454
			221,104	309,341
	Less: Current portion of held to maturity investment shown under current			
	assets	11	93,989	121,830
			127,115	187,511

6.1 These carry interest rates ranging from 9.60% to 11.25% (2016: 9.60% to 11.25%) and maturity period from 3 to 10 years (2016: 3 to 10 years).

7 LOANS AND ADVANCES

Loans and advances - considered good Less: Current portion shown under current asset	7.1 & 7.2 9	43,198 (21,147) 22,051	44,767 (15,445) 29,322	
			law.	

- 7.1 These represent loans to employees for house construction, medical and other purposes and carry interest at the rate of one year KIBOR prevailing when loan is granted. The loans are recoverable in equal monthly installments spread over a period of 5 years and are secured against future gratuity payments of the employees and also indemnity bonds in favour of PPIB executed by two employees of PPIB acting as sureties on behalf of employee obtaining loan.
- 7.2 It includes loan to key management personnel amounting to Rupees 11.816 million (2016: Rupees 3.726 million).

		NOTE	2017 (Rupees in t	2016 housand)
8	DEFERRED INCOME TAX ASSET			
	This comprises of following:			
	Deferred tax liability on taxable temporary differences in respect	of:		
	Accelerated depreciation Surplus on remeasurement of investments to fair value		(817) (770) (1,587)	(1,738) (566) (2,304)
	Deferred tax asset on deductible temporary differences in respec	t of:		
	Available tax losses Provision for staff gratuity		- 24,776 24,776 23,189	171,046 18,542 189,588 187,284
8.1	The gross movement in deferred tax asset during the year is as fo	llows:		
	Balance as at 1 July		187,284	143,436
	Tax (expense) / credit recognized in income and expenditure account Tax adjustment in other comprehensive income	25	(164,520) 425	42,125 1,723
	Balance as at 30 June		23,189	187,284

8.2 Deferred income tax asset of Rupees 253.241 million on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:			
- employees against expenses		621	371
- suppliers / services		142	138
- employees against provident fund		1,735	-
		2,498	509
Current portion of loans and advances	7	21,147	15,445
Prepayments		26,526	713
Accrued interest on bank deposits		537	640
Accrued income on account of fees	9.1	83,471	-
Other receivables		4,754	3,689
		138,933	20,996

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 (2016: 8.9 million Rupees) relating to tax years 2009, 2010 & 2011 in whose respect, the refund applications were filed by the Board with taxation authorities on 26 August 2011. A reminder of the same was filed on 18 June 2012 whereas, the aforesaid applications were rejected by the Officer Inland Revenue, Regional Tax Office, Islamabad. PPIB had filed appeals with Commissioner Inland Revenue - Appeals (CIR – A) in this respect which was rejected. Thereafter, PPIB filed appeals with Appellate Tribunal Inland Revenue (ATIR). In disposing off the appeal, the ATIR has vacated the order of CIR-A and directed PPIB to approach the Taxation Officer (TO) and the TO has been directed that he may consult Federal Board of Revenue for procedure in such cases.

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			1075	2017	2016
	CHORT TERM INVESTMENTS	Uold to maturity	NOTE	(Rupees in	thousand)
11	SHORT TERM INVESTMENTS -	Held to maturity			
	Term Deposits Receipts (TDRs)			
	(In US Dollars)				
	Faysal Bank Limited (FBL) US\$ 2,0	000,000 (2016: 3,803,31	.8)	209,600	397,447
	Bank Alfalah Limited (BAL) US\$ Nil	(2016: 3,812,931)		-	398,451
	Habib Metropolitan Bank Limited (H	HMBL) US\$ 2,829,609 (2	2016:US\$ 4,827,292)	296,543	504,452
	Meezan Bank Limited (MBL) US\$ 1	,199,980 (2016: US\$ Nil)	125,758	-
	United Bank Limited (UBL) US\$ 1,	100,000 (2016: US\$ Nil)		115,280	-
	A convert weafit any			/4/,181	1,300,350
	Accrued profit on:				
	In US Dollars				
	- FBI			747	918
	- BAL			-	669
	- HMBL			1,920	3,647
	- MBL			2,008	-
	- UBL			902	-
				5,577	5,234
				752,758	1,305,584
	Current portion of long term invest	ments	6	93,989	121,830
				846,747	1,427,414
11.1	Maturity dates and profit margin a	re as follows:			
	Bank / certificate	Currency	Maturity		Profit rate
	TDRs				per annum
	FBI	USD	May 2018		2.50%
	HMBI	USD	February 2018		2.20%
	НМВІ	USD	May 2018		2.50%
	MBI	USD	July 17		1.66%
	UBI	USD	February 2018		2.10%
	ODE	000			2.2070
12	CASH AND BANK BALANCES		NOTE	2017	2016
				(Rupees in	thousand)
	Cash at bank:				
	- Current accounts		12.1	149,038	128
	- Saving accounts		12.1, 12.2 & 12.3	369,851	216,502
				518,889	216,630
	Cash in hand			18	59
				518,907	216,689

12.1 Balances in these accounts include Rupees 47.094 million (2016: Rupees 33.750 million) held on account of employees' provident scheme.

12.2 The balances in saving accounts include USD 400,275 (2016: USD 1,781,763).

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12.3 The balances in saving accounts carry rates of profit ranging from 0.10% to 3.75 % (2016: 0.10% to 3.75%) per annum.

			2017	2016
		NOTE	(Rupees in th	nousand)
13	PROVISION AGAINST PERFORMANCE GUARANTEE	S 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	280,864	280,060
	Kotli Hydropower Project	13.5	52,400	52,250
	Gujranwala Energy Limited		104,800	104,500
<i>,</i>	China Machinery Engineering		31,440	31,350
		-	612,450	611,106
13.1	Movement of provision against performance guara	antees encashed		
	Balance at the beginning		611,106	453,807
	Provision for the year	,	-	135,620
	Exchange loss	_	1,344	21,679
	Balance at the end	-	612,450	611,106

- 13.2 Based on order of Islamabad High Court dated 4 April 2013, PPIB had to pay the amount of performance guarantee of Rupees 33 million along with profits amounting to Rupees 24.51 million. PPIB may be required to pay further amount of Rupees 41.046 million as per contempt petition pending in Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited.
- 13.3 In June 1999, Star Energy Venture Pakistan Limited filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.
- 13.4 Star Power Generation Company Limited has filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.
- 13.5 In April 2010, PPIB issued Letter of Support (LOS) to Mira Pakistan Limited for the establishment of 100 MW Hydropower project on the Poonch River, near Kotli located in the territory of the State of Azad Jammu and Kashmir (AJ & K). Due to failure to achieve financial close on the specified date i.e. 29 April 2013, the performance guarantee was encashed on 29 May 2013. As per the agreement of agency between PPIB and AJ & K Council, "The Authorized Agent (PPIB) shall transfer to the Principal (AJ & K Council), full amount of bank guarantee and Bid bond following their encashment in the event of default by sponsors or project company less any actual legal expenses incurred by the Authorized Agent". In case the PPIB's act of encashment of performance guarantee is not contested at court of law then after three years this amount shall be payable by PPIB to AJ & K Council.
- 13.6 The provision mentioned above are being carried on the basis of management's assessment of related cases. Further, PPIB is also defending its views before the High Court in connection with the above cases filed by the aforesaid entities.

14 STAFF GRATUITY

The latest actuarial valuation was carried out as at 30 June 2017, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

		2017 (Rupees in t	2016 housand)
14.1	The amounts recognized in the balance sheet are as follows:		
	Present value of defined benefit obligation Fair value of plan assets	280,637 (198,049) 82,588	188,231 (165,964) 22,267
14.2	The amounts recognised in income and expenditure account are as	follows:	
	Current service cost Net interest cost	17,876 807 18,683	16,231 1,281 17,512

		2017 (Rupees in t	2016 thousand)
14.3	Movement in Balance Sheet		
	Opening liability Expense for the year Charged to other comprehensive income Contributions paid Liability to be recognized in the balance sheet	22,267 18,683 63,905 (22,267) 82,588	26,276 17,512 4,755 (26,276) 22,267
14.4	Actual return on plan assets	9,818	13,338
14.5	Based on the actuarial valuation a contribution of Rupees 16.470 million is benefit plan during the year ending 30 June 2018.	s expected to be pa	id to the defined
14.6	Changes in the present value of defined benefit obligation are as fo	llows:	
	Present value of defined benefit obligation at beginning Current service cost Interest cost Benefits paid Remeasurement of defined benefit obligation Present value of defined benefit obligation at 30 June	188,231 17,876 13,647 - 60,883 280,637	174,143 16,231 15,936 (21,391) 3,312 188,231
14.7	Changes in the fair value of plan assets are as follows:		
	Fair value of plan assets at beginning Expected return on plan assets Contributions to the fund Benefits paid Remeasurement of plan assets Fair value of plan assets at 30 June	165,964 12,840 22,267 - (3,022) 	147,867 14,655 26,276 (21,391) (1,443) 165,964

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

	2017 %	2016 %	2017 (Rupees in th	2016 iousand)
Bank balances	10.12	8.37	20,049	13,883
Term Finance Certificates	4.63	24.99	30,176	41,481
NIT units	2.74	2.54	5,424	4,220
Term Deposit Receipts	82.51	64.10	142,400	106,380
	100	100	198,049	165,964

14.9 Principal actuarial assumptions used in the actuarial valuation are as follows:

7.75%	7.25%
7.75%	7.25%
7.75%	7.25%
10.41	9.96
Moderate	Moderate
Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
	7.75% 7.75% 7.75% 10.41 Moderate Adjusted SLIC 2001-2005

14.10 Amounts for current and previous annual periods are as follows:

	2017	2016	2015	2014	2013
		((Rupees in th	ousand)	
Defined benefit obligation	280,637	188,231	174,143	152,928	129,854
Plan assets	(198,049)	(165,964)	(147,867)	(73,305)	(54,368)
	82,588	22,267	26,276	79,623	75,486
Experience adjustments on:					
- Plan liabilities	60,883	3,312	(1,568)	(3,713)	60,736
- Plan assets	3,022	1,443	596	2,851	(486)

14.11 Expected gratuity expense to be recognised in next year

The expected gratuity expense, to be recognised for the next year, amounting to Rupees 30.483 million.

	·	2017 (Rupees in the	2016 ousand)
14.12	Re-measurements recognised in other comprehensive		
	income during the year:		
	Remeasurment loss on obligation	(60,883)	(3,312)
	Remeasurment loss on plan assets	(3,022)	(1,443)
		(63,905)	(4,755)
14.13	Sensitivity analysis		
	Discount Rate + 1 %	256,605	171,211
	Discount Rate - 1 %	308,421	207,966
	Salary growth rate + 1 %	309,573	208,736
	Salary growth rate - 1 %	255,203	170,262
	Withdrawal rates + 10%	280,633	188,230
	Withdrawal rates - 10%	280,641	188,232
	1 year mortality age set back	280,637	188,231
	1 year mortality age set forward	280,637	188,231
14.14	Maturity profile		
	Year 1	23,685	3,121
	Year 2	18,258	17,089
	Year 3	10,847	12,336
	Year 4	33,579	7,452
	Year 5	36,671	28,774
	Year 6 to year 10	80,072	68,569
	Year 11 and above	470,901	302,646

14.15 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.

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		NOTE	2017 (Rupees in th	2016 ousand)
15	ACCRUED AND OTHER LIABILITIES		(,
	Accrued expenses		6,448	6,847
	Provision for leave encashment	15.1	18,875	12,740
	Audit fee payable		363	726
	Withholding tax		401	114
	Retention money		710	710
	Other payables		2,328	14,673
	Provident fund payable	15.2	48,829	33,750
			77,954	69,560
15.1	Movement of provision for leave encashment is as follo	ws:		
	Balance at the beginning		12,740	11,558
	Expense for the year	21	15,134	10,627
	Payments made during the year	_	(8,999)	(9,445)
	Balance at the end	_	18,875	12,740
15.2	Movement of provision for provident fund is as follows:	-		
	Balance at the beginning		33,750	25,857
	Provision for the year		15,858	11,858
	Payments made during the year	_	(779)	(3,998)
	Balance at the end	-	48,829	33,750

16 PPIB FUND

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

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingent liabilities

Certain sponsors of power projects have filed suits against Government of Pakistan (GOP) / PPIB for aggregate claims against damages of Rupees 113,457 million (2016: Rupees 113,495 million) and US\$ 58 million (2016: US\$ 58 million). Also, claims have been lodged against the performance guarantees encashed amounting to Rupees 47.8 million (2016: Rupees 78.8 million) and US\$ 0.2 million (2016: US\$ 1.147 million). These law suits are currently being defended by PPIB. At this stage, either it is not possible to determine the expected outcome of these litigations or favorable results to PPIB are probable. All the cases are pending in the courts of law so the expected timing of outflow of resources cannot be ascertained.

		NOTE	2017 (Rupees in th	2016 ousand)
17.2	Commitments Commitments against capital expenditure	-	25,688	26,168
18	PERFORMANCE GUARANTEES ENCASHED			
	Gujranwala Energy Limited		-	104,300
	China Machinery Engineering			31,320
			-	135,620
19	INCOME FROM OPERATIONS	-		
	Registration fee		306	1,247
	Request for quotation fee		2,622	6,295
	Expression of interest fee		-	3,753
	Project processing fee		47,337	77,350
	Extension in LOI/LOS fee	9.1	83,472	-
			133,737	88,645
				law

			2017	2016
		NOTE	(Rupees in the	ousand)
20	INCOME FROM FINANCIAL ASSETS			
	Return on bank deposits		3,288	2,565
	Return on held to maturity investments		40,092	61,047
	Interest on loans to employees		2,548	3,810
	Dividend income		6,524	11,624
	Exchange gain - net		· -	16,125
		-	52,452	95,171
21	SALARIES AND BENEFITS			
	Salaries and allowances		278,729	212,432
	Bonus		26,876	31,264
	Provision for staff gratuity	14.2	18,683	17,512
	Provision for leave encashment	15.1	15,134	10,627
	Provident fund contribution		7,929	5,929
	Other benefits	_	19,059	13,056
			366,410	290,820
22	REPAIR AND MAINTENANCE			
	Vehicle running and maintenance		4,164	3,638
	Office repair, maintenance and renovation		1,485	489
	Computer repair		474	348
	Equipment repair		61	479
	Furniture repair		68	19
			6,252	4,973
23	PRINTING AND STATIONERY			
	Computer stationery		535	502
	Office stationery		1 066	1047
	Printing		926	494
	, mang	-	2,527	2,043
24	OTHER EXPENSES	-		
	Newspapers and periodicals		308	185
	Training conferences and seminars		2 170	792
	Entertainment and office supplies		2,170	1 756
	Security services		1,239	1,605
	Exchange loss - net		357	-,000
	Miscellaneous		789	864
			6,873	5,202
25	TAXATION	-		
	Current			
	Current year	25.1	816	1,453
	Prior year		-	(460)
	Defermed	-	816	993
	Deterrea Current vear	Q 1	164 520	(42 125)
	Current year	0.1 -	165 336	(41 132)
		_	103,330	(11,132)

25.1 Provision for current tax represents tax on dividend income only because of gross loss for the year and in view of available tax losses of Rupees 844.136 million (2016: Rupees 586.794 million). Consequently, tax expense reconciliation is not being presented.

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26 FUND MANAGEMENT

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

27 RELATED PARTY TRANSACTIONS

PPIB operates in an economic regime currently dominated by entities directly or indirectly controlled by the Government of Pakistan ("State - controlled entities") through its government authorities, agencies, affiliates and other organizations. Transactions with these state - controlled entities are not very significant and hence impracticable to quantify for disclosure in these financial statements.

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

	(Rupees in t	housand)
Loan to key management personnel - Directors		
- Advance given	8,182	-
- Advance adjusted	3,387	2,561
Salaries and benefits to key management personal	79,611	49,441
Contribution to gratuity fund / trust	22,267	26,276

28 FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

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

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

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

(a) Market risk

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

(i) Currency risk

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

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

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

The potential currency exposures are discussed below;

Transactional exposure in respect of non-functional currency monetary items

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

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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:

	2017 (US Dollars in	2016 1 thousand)
Short term investments - held to maturity	7,130	12,444
Bank balances	400	1,782
Performance guarantees encashed	-	4,480
Net exposure	7,530	9,746
The following significant exchange rates applied during the year:		
	2017	2016
Rupees per USD		
Average rate	104.50	104.27
Reporting date mid point rate	104.80	104.50

Sensitivity analysis

At 30 June 2017, 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 78.910 million (2016: Rupees 101.846 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 127.115 million (2016: Rupees 94.454 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2017, 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 12.7115 million (2016: Rupees 9.445 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:

	(Rupees in	thousand)
Floating rate instruments		-
Financial assets		
Bank balances	369.851	216,502

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 3.698 million (2016 : Rupees 2.165 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 dates were outstanding for the whole year.

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2017

2016

(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:

	2017 (Rupees in	2016 n thousand)
Investments Loans, advances and other receivables	973,862 131,960	1,614,925 49,096
Bank balances	<u>518,889</u> 1,624,711	216,630 1,880,651

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	2017 (Rupees in	2016 thousand)
Al-Baraka Bank (Pakistan) Limited	A1	Α	PACRA	138	134
Dubai Islamic Bank Limited	A1	AA-	JCR-VIS	637	5,226
Summit bank Limited	A1	A-	JCR-VIS	19	19
National Bank of Pakistan	A1+	AAA	PACRA	260	9,613
Habib Bank Limited	A1+	AAA	JCR-VIS	58,530	70,636
Bank Alfalah Limited	A1+	AA	PACRA	306,628	1,315
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	740	713
United Bank Limited	A1+	AAA	JCR-VIS	206	108,750
NIB Bank Limited	A1+	AA-	PACRA	251	242
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	157	152
Askari Bank Limited	A1+	AA+	PACRA	17	17
JS bank Limited	A1+	AA-	PACRA	568	3,607
Faysal Bank Limited	A1+	AA	PACRA	150,005	15,486
MCB Bank Limited	A1+	AAA	PACRA	49	49
First Women Bank Limited	A2	A-	PACRA	662	650
Silkbank Limited	A2	A-	JCR-VIS	22	21
				518,889	216,630
	Short term	Long term	Agency	2017	2016
Investments				(Rupees in	thousand)
Term deposit receipts					
- Faysal Bank Limited	A1+	AA	PACRA	210,347	398,365
- Bank Alfalah Limited	A1+	AA	PACRA	· · · ·	399,120
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	298,463	508,099
- Meezan Bank Limited	A1+	AA	JCR-VIS	127,766	-
- United Bank Limited	A1+	AAA	JCR-VIS	116,182	-
				752,758	1,305,584
Pakistan Investment Bonds	Unknown			93,989	214,887
				846,747	1,520,471
Loans, advances other receivables					
Other banks	A1+			537	640
Advances and other receivables	unknown			111,728	19,505
Loans and advances	unlen auun			22.051	20 222
	unknown			22,051	29,322

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.

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(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 it's 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:

	2	2017		2016	
	Carrying amount	Contractual cash flows (within one year)	Carrying amount	Contractual cash flows (within one year)	
		(Rupees i	n thousand)		
Provision against performance guarantees encashed	612,450	612,450	611,106	611,106	
Accrued and other liabilities	9,849	9,849	22,956	22,956	
	622,299	622,299	634,062	634,062	

29 FINANCIAL INSTRUMENTS

29.1 Financial assets and liabilities

i manetar assets and napinties			
30 June 2017	Loans and Receivables	Available for sale	Total
Financial assets :	(Rup	ees in thousa	nd)
Maturity upto one year			
Advances and other receivables	111,644	-	111,644
Short term investments	846,747	-	846,747
Cash and bank balances	518,907	-	518,907
Maturity after one year			
Long term investments	-	127,115	127,115
Loans and advances	22,051	-	22,051
	1,499,349	127,115	1,626,464
Financial liabilities :		Other finan	cial liabilities

(Rupees in thousand)

612,450

9,849

Maturity upto one year Provision against performance guarantees encashed Accrued and other liabilities

			622,299
30 June 2016	Loans and Receivables	Available for sale	Total
	(Ru	ind)	
Financial assets :			
Maturity upto one year			
Advances and other receivables	19,774	-	19,774
Short term investments	1,427,414	-	1,427,414
Cash and bank balances	216,689	-	216,689
Maturity after one year			
Long term investments	93,057	94,454	187,511
Loans and advances	29,322	-	29,322
	1,786,256	94,454	1,880,710
Financial liabilities :		Other finance	cial liabilities
		(Rupees in	n thousand)
Maturity upto one year			
Provision against performance guarantees encashed			611,106
Accrued and other liabilities			22,956
			634.062

29.2 Fair value of financial instruments

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

	2017		2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	(Rupees in thousand)			
Assets carried at amortized cost				
Long term investments	93,989	93,989	214,887	210,656
Short term investments	752,758	752,758	1,305,584	1,305,584
	846,747	846,747	1,520,471	1,516,240

The basis for determining fair values is as follows:

29.3 Interest rates used for determining the fair value

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

29.4 **Fair value hierarchy**

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

30 June 2017 Assets carried at fair value	Level 1 Level 2 Level 3 Total (Rupees in thousand)				
Available for sale investments	127,115		-	127,115	
30 June 2016 Assets carried at fair value					
Available for sale investments	94,454			94,454	

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

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

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

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

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

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

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

29.5 Valuation techniques used to determine fair values

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

30 DATE OF APPROVAL

1 1 DEC 2018 by the Board members of These financial statements were approved on _____

31 CORRESPONDING FIGURES

No significant reclassification have been made in corresponding figures.

32 GENERAL

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

MANAGING

BOARD MEMBER



PRIVATE POWER AND INFRASTRUCTURE BOARD

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