Annual Report 2020 2021

Private Power & Infrastructure Board

Ministry of Energy (Power Division) Government of Pakistan

Table of Contents

ACRONYMS

ADB	Asian Development Bank
AEDB	Alternative Energy Development Board
BOOT	Build-Own-Operate-Transfer
CPEC	China-Pakistan Economic Corridor
CPPA-G	Central Power Purchasing Agency (Guarantee) Ltd.
CTBCM	Competitive Trading Bilateral Contract Market
COD	Commercial Operation Date
CCoE	Cabinet Committee on Energy
CCPP	Combined Cycle Power Project
CPPA	Central Power Purchasing Agency
CS	Converter Station
DISCOs	Distribution Companies
EOI	Expression of Interest
EPA	Energy Purchase Agreement
EPC	Engineering Procurement & Construction
ECC	Economic Coordination Committee
FS	Feasibility Study
FSA	Fuel Supply Agreement
FC	Financial Close
FBR	Federal Board of Revenue
GoAJ&K	Government of Azad Jammu & Kashmir
GoP	Government of Pakistan
GoPb	Government of Punjab
GoKP	Government of Khyber Pakhtunkhwa
GoB	Government of Balochistan
GoS	Government of Sindh
GENCOs	Generation Companies
GSA	Gas Supply Agreement
GWh	Giga Watt Hour
GS	Grid Station
HSFO	High Sulphur Furnace Oil
HPP	Hydropower Project
IA	Implementation Agreement
IAA	Independent Auction Administrator
IPPs	Independent Power Producers
ICB	International Competitive Bidding
IGCEP	Indicative Generation Capacity Expansion Plan
JCC	Joint Coordination Committee
JEWG	Joint Energy Working Group

KE	K-Electric Limited
KESC	Karachi Electric Supply Corporation
LA	Lease Agreement
LOI	Letter of Interest
LOS	Letter of Support
MoE	Ministry of Energy
MoF	Ministry of Finance
MoP&NR	Ministry of Petroleum & Natural Resources
MW	Mega Watts
MOU	Memorandum of Understanding
NEPRA	National Electric Power Regulatory Authority
NPCC	National Power Control Center
NTDC	National Transmission and Despatch Company
O&M	Operation & Maintenance
OGDCL	Oil and Gas Development Company Limited
PIBT	Pakistan International Bulk Terminal Limited
PPDB	Punjab Power Development Board
PPIB	Private Power and Infrastructure Board
PEDO	Pakhtunkhwa Energy Development Organization
PEPCO	Pakistan Electric Power Company
PPA	Power Purchase Agreement
PG	Performance Guarantee
PMDU	Prime Minister Delivery Unit
PPP	Public Private Partnership
RLNG	Regasified Liquefied Natural Gas
ROE	Return on Equity
SA	Shareholders Agreement
SNGPL	Sui Northern Gas Pipelines Limited
SHPP	Small Hydro Power Plant
SIA	Supplemental Implementation Agreement
SPV	Special Purpose Vehicle
SS	Substation
TA	Tripartite Agreement
TLOS	Tripartite Letter of Support
TCEB	Thar Coal Energy Board
TOR	Terms of Reference
WAPDA	Water and Power Development Authority
WUL	Water Use License
WUA	Water Use Agreement

Foreword By Managing Director

It is my profound pleasure to present the Annual Report of the Private Power and Infrastructure Board (PPIB) for the year June 30, 2021, in the light of provision of Part-V, section 21 of PPIB Act, 2012, including details of the activities that have taken place throughout the year.

The Financial Year 2020-21 was not free of aftershocks of COVID 19 and the task of providing continued office operations and facilitation to IPPs was a challenge. Despite various hurdles and hardships caused by the pandemic, PPIB handled the situation smartly while adopting necessary precautionary measures as envisaged under Corona SOPs and continued the operations un-paused.

The government has focused on clean, green and indigenous energy resources to reduce cost of electricity in the country. To implement this vision, PPIB has also enhanced its focus on hydropower projects. PPIB is committed to reshape the fuel mix and make it largely dominated by prioritized indigenous and renewable fuels. PPIB has so far materialized three hydropower and one Thar-coal based IPP with a cumulative power generation capacity of 993 MW.

During the year, the detailed design of Competitive Trading Bilateral Contract Market (CTBCM), along with the roadmap for its implementation, was approved by NEPRA for developing a competitive power market in the country by April 2022. The CTBCM is a paradigm shift from the existing single buyer regime to the wholesale market with balancing mechanism. PPIB has been envisaged to assume the role of Independent Auction Administrator (IAA) under CTBCM regime.

PPIB having leading role in arranging power generating capacity, actively contributed and provided comprehensive inputs on processes, methodology, assumptions, basis used to workout demand projection, selection criteria and time lines of projects being evaluated under Indicative Generation Capacity Expansion Plan 2021 (IGCEP 2021). IGCEP 2021 has been prepared by National Transmission and Despatch Company (NTDC) as per the grid code requirements of NEPRA. During consultative process related to IGCEP, PPIB provided its full support in the form of relevant data provision related to its future power projects.

In line with principles of National Electricity Policy 2021 of the GoP, PPIB is aiming to synchronize the existing power generation framework with National Electricity Policy 2021 with its overarching long-term goals comprising but not limited to i) affordability, ii) Energy Security and iii) Sustainability and to dovetail the generation framework keeping in view the investors' friendly regime at one end and affordable electricity for masses at large through bringing-in market competition.

The Financial Year 2021 was another productive year for CPEC based power generation and transmission line projects, as despite the outbreak of COVID-19 Pandemic, majority of the projects picked momentum in accomplishing various milestones. Total investment outlay of twenty energy and one transmission line projects being processed by PPIB under CPEC amounts to around US$ 21 billion which is a huge investment considering the fact that this has been made in a single sector of Pakistan's economy.

PPIB enjoys an active engagement in support to Power division on technical matters, representations before different legal forums in Pakistan and abroad, negotiating and drafting the IAs, AJ&K-IA, Water Use Agreements, Direct Agreements, LOSs, Guarantees etc. and also provided input on PPAs to CPPAG in respect of different projects.

On this occasion, I would like to place on record the dedication and commitment of PPIB professionals and staff for discharging their duties to the best of their abilities.

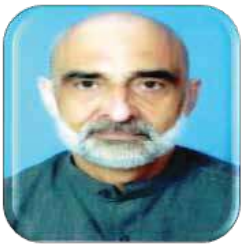
Shah Jahan Mirza
Managing Director

The Board of PPIB

Ali Raza Bhutta
Chairman PPIB

Shah Jahan Mirza
MD PPIB / Member

Naveed Kamran Baloch
Secretary Ministry of Finance



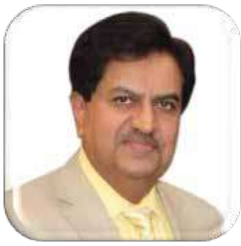
Mian Asad Haya uddin
Secretary Petroleum Division

Mather Niaz Rana
Secretary Planning Commission

Muhammad Javed
Ghani Chairman FBR

Lt. Gen. (r) Muzamil Hussain
Chairman Wapda

Jawad Rafique Malik
Chief Secretary GoPunjab



Mumtaz Ali Shah
Chief Secretary GoSindh

Shehryar Taj
Secretary Engergy Balochistan

Dr. Kazim Niaz
Chief Secretary GoKPK

Dr. Shahzad Khan Bangash
Chief Secretary GoAJK

Highlights of the Year under Report

As one-window facilitator on behalf of the Government of Pakistan, PPIB is responsible to promote, encourage, facilitate and safeguard private investment in power sector as mandated through the PPIB Act "Private Power and Infrastructure Board Act, 2012".

The Financial Year 2020-21 was not free of aftershocks of COVID 19 and the task of providing continued office operations and facilitation to IPPs was a challenge. Despite various hurdles and hardships caused by the pandemic, PPIB handled the situation smartly and while adopting necessary precautionary measures as envisaged under Corona SOPs continued the operations un-paused. Meetings were held with project sponsors online and whenever required, at PPIB premises after strictly adhering to the safety SOPs. Meetings to evaluate the performance and progress of IPPs were also a regular practice particularly in case of under construction IPPs. With the help of PPIB's support and facilitation, all under construction projects have achieved considerable progress in construction activities. Although various projects' timelines were slightly affected, yet PPIB was able to mitigate the magnitude of sufferings.

The present government has focused on clean, green and indigenous energy resources to reduce cost of electricity in the country. To implement this vision, PPIB has also enhanced its focus on hydropower projects. PPIB is also providing legal services to AEDB on matters including but not limited to development of alternative and renewable power generation projects. For increasing operational efficiency, the merger of AEDB in PPIB has been re-initiated by the Power Division and the same was presented before the CCOE on 17th June, 2021 which has been approved by the CCOE. PPIB is actively assisting the Power Division in this regard. During the year draft of standard IAs for small hydropower projects was finalized and approved by the PPIB Board. PPIB is committed to reshape the fuel mix and make it largely dominated by prioritized indigenous and renewable fuels. PPIB has so far materialized three hydropower and one Thar-coal based IPP with a cumulative power generation capacity of 993 MW.

Pakistan's generation capability (availability) had remained lower than the peak demand in last decade, however in FY 2020 generation capability crossed peak demand and therefore GoP is now more focused on reduced cost of electricity generation and use of indigenous resources like coal, hydro, wind and solar etc. within the generation segment. During the year, the detailed design of Competitive Trading Bilateral Contract Market (CTBCM), along with the roadmap for its implementation, was approved by NEPRA for developing a competitive power market in the country by April 2022. The CTBCM is a paradigm shift from the existing single buyer regime to the wholesale market with balancing mechanism. PPIB has been envisaged to assume the role of Independent Auction Administrator (IAA) under CTBCM regime.

A comprehensive list of major project related activities is as follows:

(i) Following projects have achieved financial close during the year:

- 1,263 MW RLNG based PTPL Project
- 330 MW Thar Coal based ThalNova Power Project (a CPEC project)

(ii) Signing of Government of Pakistan Implementation Agreement (GoP IA), Tripartite Power Purchase Agreement (TPPA) and Government of Punjab Water Use Agreement (GoPb WUA) the GoAJ&K Implementation Agreement (GoAJ&K IA) and GoAJ&K Water Use Agreement (GoAJ&KWUA) of 700.7 MW Azad Pattan Hydropower Project (a CPEC project).

(iii) Signing of project agreements comprising Schedules of TPPA, AJ&K-IA and AJ&K-WUA of 1124 MW Kohala HPP (Pakistan's largest hydro IPP).

(iv) Signing of project agreements comprising of GoP-IA, PPA and Supplemental Implementation Agreement (SIA) of 300 MW imported coal-based Gwadar power generation project (a CPEC project).

(v) Second-stage river closure achieved and new phase of dam construction started for Suki Kinari HPP (a CPEC project).

(vi) Apart from implementing new power generation projects, PPIB also deals with the affairs of commissioned IPPs and facilitates them in negotiating on different matters. Accordingly, PPIB signed Working Capital Direct Agreements (WCDAs) with Orient power generation project.

(vii) Another milestone achieved during the year is implementation of GoPs negotiations on reducing ROE of IPPs, which required amendments in IAs and novation of PPAs. These were approved by PPIB Board in a timely manner to ensure smooth implementation.

(viii) There are various important bipartite and tripartite activities involved in processing of power generation projects such as tariff determination, land acquisition, generation licence, environmental clearance, IA, PPA, WUA, CSA, TSA, FSA, SIA, DIA, Feasibility Study etc. PPIB kept facilitating the sponsors for accomplishing these milestones.

(ix) PPIB had multiple rounds of meetings among stakeholders i.e., Planning Commission, CPPA-G, NTDC and AEDB to align completion of power plants with COD of the ±660 KV Matiari - Lahore HVDC transmission line project to avoid idle capacity payments to the said transmission line project.

Role of implementation of Competitive Trading Bilateral Contracts Market (CTBCM)

As mentioned earlier, the power sector has been working towards transition of existing market from single buyer model to a Competitive Wholesale Power Market. To make a competitive wholesale electricity market, a comprehensive plan which is "Competitive Trading Bilateral Contract Market" (CTBCM) is in the process of implementation. The Federal Cabinet in 2015 directed CPPA-G to prepare a detail design of CTBCM to be approved by NEPRA. Accordingly a detailed design for CTBCM along with its implementation roadmap was prepared by CPPA-G and in February 05, 2020, was approved by NEPRA. Under the CTBCM frame work power planning and procurement is central and principal mode of procurement of power through competitive auctioning, and a central entity has been envisaged that would procure power for DISCOs as independent auctioneer. The role of independent auction administrator (IAA) in CTBCM has been envisioned to PPIB. IAA will aggregate the demand from DISCOs and will prepare annual procurement plan which shall be finalized through coordination with all the stakeholders, such as system operator, Grid Company and DISCOs. All power procurements in CTBCM will be made with IGCEP input. The new market will have a multi buyer and multi seller concept.

The basic aim of the CTBCM is to introduce competition in the Electricity Market and provide an enabling environment where multiple sellers and buyers can trade electricity. The said transition is an ambitious initiative which is presently underway after extensive meticulous planning and notable concerted efforts. The IAA inter-alia other functions, will primarily be responsible for competitive auctions for new capacity procurements by DISCOs. Its other roles shall include managing the required processes to get the guarantees granted to the DISCOs eligible for guarantee support of the GoP and developing standardized contract template for procurement of power. Primarily, the IAA will be a registered entity of the GoP to facilitate DISCOs in order to comply with their capacity obligations through procurement of new capacity and energy to serve their load.

CTBCM/MIG

- As convener of MIG for CTBCM implementation spearheading transformation of PPIB into an Independent Auction Administrator (IAA) and coordinating with other sections, CPPAG and other stakeholders of GOP on regular basis for successful implementation of following tasks:

(a) Registration of PPIB as IAA

(b) New Power Generation Policy

(c) PPIB and AEDB Merger

(d) Preparation of Security Package Documents

(e) HR Strengthening Plan

(f) Financial Health Assessment of DISCOs

- Prepared base draft of registration application
- Drafted PPIB Amendment Act re merger of AEDB and PPIB
- Drafted initial draft of Power Generation Policy
- Participated and gave input in various working groups created by CPPAG for preparation of PPA/EPAs
- Gave input in HR strengthen plan
- Regular Reporting to MIMG on the tasks assigned
- Various other tasks as MIG convener

Support in Indicative Generation Capacity Expansion Plan 2021 (IGCEP 2021)

PPIB having leading role in arranging power generating capacity, actively contributed and provided comprehensive inputs on processes, methodology, assumptions, basis used to workout demand projection, selection criteria and time lines of projects being evaluated under Indicative Generation Capacity Expansion Plan 2021 (IGCEP 2021). IGCEP 2021 has been prepared by National Transmission and Despatch Company (NTDC) as per the grid code requirements of NEPRA. During consultative process related to IGCEP, PPIB provided its full support in the form of relevant data provision related to its future power projects.

Support in National Electricity Policy

Pakistan's power market is fully poised for long term and sustainable structural reforms based on the principles of competitiveness, transparency and sustainability. Under the CTBCM, it is being envisioned that the structural reforms will bring about more confidence in the market and competition in the market will bring the prices of electricity down to affordable level. This in turn will help to ease fiscal pressure on the Federal Government.

The National Electricity Policy 2021 of the GoP, which was approved by CCI in June 2021, identifies inter-alia the major goals to be achieved for the Power sector and provides policy level directions. It also lays the key guiding principles to develop subservient frameworks that will steer the decision making in the electricity sector to achieve the identified goals. Accordingly, following such principles, PPIB is aiming to synchronize the existing power generation framework with National Electricity Policy 2021 with its overarching long-term goals comprising but not limited to i) affordability, ii) Energy Security and iii) Sustainability and to dovetail the generation framework keeping in view the investors' friendly regime at one end and affordable electricity for masses at large through bringing-in market competition.

Support to Power Division on Technical Matters:

PPIB has extended support to Power Division on following technical matters:

- Reviewed the proposed amendments in 2002 Policy (Section 6.2 & 6.3) and 2015 Power Policy (Hydropower processing) and provided comments on draft Gap Analysis of Power Generation Policy 2015.
- Reviewed and provided an opinion with respect to the National Investment Policy 2020.
- Reviewed and provided comments on Settlement Agreement between Nine IPPs and the GOP for amicably resolving the Arbitral Awards announced by the London Court of Arbitration.
- Prepared ECC Summary to authorize CPPA to sign the Interim Agreement regarding revised payment terms for generation on LNG by Altern Energy Limited, Davis Energen, Kot Addu Power Company Limited & Public Sector GENCOs and extension of interim agreement signed with Fauji Kabirwala and Rousch Power Limited
- Comprehensive input on dispute between NTDC and PMLTC re-issuance of Certificate of Readiness and request of PMLTC for resumption of Testing and Commissioning activities of ±660KV Matiari–Lahore HVDC Transmission Line Project
- Share Purchase Agreement by KAPCO to purchase 17.4% shares of HUBCO sent to Power Division.

Litigation/Arbitration/Other Proceedings Etc

In order to protect the interest of GOP, PPIB made representations before different legal forums in Pakistan and abroad as follows:

- Conducted legal research, drafting and finalization of para-wise comments/responses/written replies, appearance, pleadings and representations, opinions and liaised with counsels/DAGs as the case may be, in cases/proceedings
- Gave legal input during LCIA Arbitration initiated by Nishat Chunnian, Nishat Power and Liberty Power Tech
- Prepared para-wise comments and provided opinion with respect to the case titled Ammer Ali vs FOP before the Lahore High Court

Parliamentary Bills/Acts/Ordinance:

- Drafted AEDB and PPIB merger related amendments in Private Power & Infrastructure Board Act 2012.
- Provided comments on proposed 14th amendment in AJ&K Interim Constitution 1974.
- Reviewed and provided comments on proposed amendment in section 131 of Income Tax Ordinance, Pakistan Maritime Security Ordinance, amendment Bill of Pakistan Council for Scientific & Industrial Research (PCSIR) Act of 1973, draft for the State-Owned Enterprise (Governance and Operations) Act, 2020, proposed amendments in Pakistan National Accreditation Council (PNAC) Act No. VI of 2017, Pakistan Council of Scientific and Industrial Research Act 1973 and gave input on new enactment of China Pakistan Economic Corridor Authority Bill 2020.

Negotiating and Drafting Security Package Documents

PPIB has comprehensively negotiated and drafted the IAs, AJ&K-IA, Water Use Agreements, Direct Agreements, LOSs, Guarantees etc. and also done extensive review and provided input on PPAs to CPPAG in respect of following projects:

Thermal

- Prepared the amended draft of IA for NPPMCL in respect of privatization, review of RFP for privatization, refinancing etc.
- Detailed review of Gas Mitigation Options/Plan in view of IA of Engro PowerGen
- Negotiated and finalized the Direct Agreement to IA and Guarantee of Punjab Thermal
- Drafted and finalized amendments in the Facilitation Agreement and Guarantee Agreement with KAPCO
- Negotiated and finalized the Working Capital Direct Agreement (funded and non-funded) for Orient Power Company

Coal

- Direct Agreement of 1320 MW Shanghai Electric coal based power project
- Drafted, negotiated and provided opinion on first Amendment to Implementation and Guarantee Direct Agreement for Lucky Electric Power Company.
- Negotiated and drafted Implementation Agreement, Supplemental Agreement, gave input on Power Purchase Agreement to CPPAG for 300 MW Gawadar Coal Power Project and moved ECC Summary for approval

Hydel

- Prepared and drafted Standard Security Package Documents for Small Hydropower projects including IA, EPA, WUA, AJ&KIA etc.

Transmission:

- Prepared the draft amendment to the IA of Matiari-Lahore HVDC Transmission Project, in order to conform with the definition of RCOD provided in the Addendum Agreement to the Transmission Services Agreement (TSA).

General

- Finalization of drafts of the Amendment Agreements of GOP IA, GOP Guarantee and DIA alongwith AJ&K-IA and AJ&K-DIA in relation to Novation of PPAs
- Reviewed and provided opinion with respect to different Force Majeure Events alleged by various IPPs

Resolution of Taxation Issues of Power Projects:

During the year PPIB has resolved various tax issues of IPPs and Transmission Line Project with the collaboration of relevant Tax Authorities (FBR, CBR AJ&K, PRA etc.) which are as follows:

- Finalization of tax sharing mechanism in respect of dual boundaries of 720 MW Karot Hydropower Project between PRA, CBR AJ&K and FBR for sharing of sales tax and income tax.
- Finalization of tax sharing mechanism in respect of dual boundaries of 700.7 MW Azad Pattan Hydropower Project between PRA, CBR AJ&K and FBR for sharing of sales tax and income tax.
- Resolved the matter with FBR regarding Income Tax exemption for Pak Matiari-Lahore Transmission Line Company Limited (PMLTC) for the period of 10 years as the tax exemptions available in Implementation Agreement and Transmission Line Policy 2015.

Issues faced by projects

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

Project Description	Issues faced by project	Actions taken by PPIB
330 MW Thar coal based ThalNova Power Project 330 MW Thar Coal based Thar Energy Limited Power Project	Due to Covid-19 outbreak in 2020, various project activities were seriously hampered and sponsors requested for extension in their respective Required Commercial Operations Date (RCOD) without imposition of any penalties. Numerous problems in manpower movement and delay in equipment supply aroused due to travel advisory, quarantine policies of all countries including Pakistan. The same led to delay in completion targets of all under construction IPPs	PPIB in consultation with all concerned stakeholders conducted a series of meetings involving, Power Division, CPPA-G, NTDC, CPEC Authority, fuel suppliers to provide relief to all under construction IPPs, as per their genuine requests for extension in RCOD. After a series of meetings, a detailed staggering plan with the participation of MOE(PD), NTDC, CPPA-G and PPIB was prepared having in-depth analysis of all technical, legal and financial aspects delaying the RCOD. The same provided a relief for all under construction IPPs. The RCOD extensions will be incorporated in their respective PPAs and IAs through amendments.
1320 MW Thar coal based Shanghai Power Project	The Company faced issues regarding signing of Water Usage Agreement (WUA) with Government of Sindh, which could not be signed despite being negotiated and approved from Provincial Cabinet of Government of Sindh on 24th December 2019. In absence of an executed WUA, the lead lender China Development Bank Limited refused to proceed further and deferred issuance of notice of completion of FC formalities	PPIB continuously expedited the matter with Government of Sindh and with its dedicated efforts, the WUA was finally signed between the Company and Government of Sindh in February 2021. The signing of WUA has satisfied one of the major requirements of Financial Closing. The Company is now on course to achieve FC soon.
300 MW Imported Coal based Gwadar Power Project	Due to specific nature of Gwadar Project, a bipartite ECC approved Power Purchase Agreement (PPA) was not practicable as the regime of parties changed and there was a need to sign a quadripartite PPA amongst CPPA, NTDC, QESCO and the Company. The change necessitated amendments/revisions in various provisions of the PPA, which required conclusion of all issues to the satisfaction of all concerned parties including the Company. Re-allocation of remaining 51 acres land by Govt. of Balochistan, which is currently under water.	PPIB conducted regular meetings with all concerned stakeholders to arrive at an amicable solution to the issues raised due to specific nature of the quadripartite PPA. Upon resolution of all pending issues the quadripartite PPA was finally signed in April 2021, after due approvals from PPIB Board and the ECC,. Through dedicated efforts of PPIB, Government of Baluchistan has agreed for re-allocation of underwater land for the project.

Project Description	Issues faced by project	Actions taken by PPIB
330 MW Thar coal based Siddiqsons Power Project	The Company requested for extension in RCOD. CPPA Board has approved the request of SEL for extension in RCOD (i.e. 28 months after FC) subject to the condition that SEL will agree and undertake to pay any or all LD's arising out of non-utilization of HVDC as per the terms and conditions of the PPA.	PPIB has taken up the matter with CPPA-G and NTDC for extension in RCOD as per CPPA-G Board decision.
1320 MW Thar coal based Oracle Power Project	Renewed consents of Power Purchaser (CPPA-G) and NTDC are required for fresh proposal of sponsors. Fresh approvals of JEWG, JCC of the CPEC and ECC of the Cabinet are required before processing new proposal of the project, as main sponsors have changed Project is required to be included in Indicative Generation Expansion Plan (IGCEP)	
660 MW Lucky Electric Power Company Limited	Delay in COD of the Power Project caused delay in provision of Power Purchaser interconnection facility (PPIF) by the Power Purchaser . Provision of additional security by the Federal Government to Chinese Nationals. Highest degree of vulnerability exists due to presence of large number of Chinese workers of the Chinese EPC contractor and any untoward incident can adversely affect the Project's development. The Company is constrained to use imported coal till COD of Phase-3 of Thar Coal Block-II. As coal will not be available from Phase 3, before 2023, the Company is facing issues with regards to import of coal, as PIBT has refused to use its terminal for coal import and transportation. Company is looking other options including Marginal Wharf 3&4 for coal import.	Power Purchaser and NTDC have been advised to expedite construction of Transmission and interconnection facilities. Through frequent interventions by PPIB, NTDC has resolved its issues of Right of Way and has started construction of Power Purchasers Interconnection Facilities (PPIF). Commissioning activities of the project are expected to start soon. PPIB has taken up the matter with Ministry of Interior and Government of Sindh. PPIB has taken up the matter with Port Qasim Authority for resolution of the issue. It is expected that issue of coal handling and unloading will be resolved to facilitate commissioning activities of the project.

Project Description	Issues faced by project	Actions taken by PPIB
1320 MW Huaneng Shandong Ruyi (Pak) Energy (Pvt) Ltd	IPP is facing issues with regards to Royalty Settlement and railway freight charges, amongst NEPRA, Port Qasim Authority (PQA) and Pakistan Railways	PPIB conducted a meeting on 23rd December 2020, with stakeholders to resolve both the issues and gave two (2) viable options to PQA; however, PQA has rejected both options. Regarding the railways issue, a follow-up meeting in continuation of PPIB's meeting was held under the Chairmanship of Secretary Railways on 26th January 2021, wherein a working group of Pakistan Railway Freight Transportation Company (PRFTC) and the IPP was formed for resolution of the issue. The issues have been partially resolved; nonetheless, efforts are underway to completely resolve the matter and an amicable solution is expected soon.
1320 MW Port Qasim Electric Power Co (Pvt) Ltd	Delayed payments from CPPA is hampering the pace of project.	Delayed payments from CPPA is hampering the pace of project.
1263 MW R-LNG based Combined Cycle Power Project by Punjab Thermal Power (Pvt.) Ltd	Project achieved Financial Closing in April 2021 amidst prevailing COVID-19 implications. The Project is 80% completed; construction & commissioning activities are facing delays due to worldwide COVID-19 consequences.	PPIB Board approved PTPL's request for extension in Financial Closing (FC) Date for a further period of 9 months. PPIB also coordinated with the stakeholders (Power Division, CPPA-G, SNGPL and others) for finalization / execution of concession agreements including GSA and RA to enable the Company to achieve FC. PPIB, while extending GoP support, has pursued the Company (PTPL) to make all efforts and expedite the commissioning activities for achievement of COD.

Project Description	Issues faced by project	Actions taken by PPIB
227 MW Combined Cycle Power Plant by Engro Powergen Qadirpur Ltd.	Approval of Gas Depletion Mitigation Plan (GDMP)/Option (GDMO) by the GOP is in process. The plant is operational in mixed mode (gas & diesel) due to depleting gas reserves at Qadirpur Field. The GDM Phas been finalised during stakeholders' meeting on 16th March 2021 and R-LNG narrowed down as the most viable GDMO.	A number of meetings have been held by PPIB among the stakeholders to discuss and finalize the GDMO/GDMP. After detailed deliberations, R-LNG is unanimously finalized as the most viable Gas Depletion Mitigation Option among all the stakeholders. Moreover, after discussions with EPQL, CAPEX (for using R-LNG with Permeate Gas) is reduced from $13 Million to $6.1 Million. GDMO / GDMP finalized by the stakeholders is under consideration by PPIB Board.
586 MW Uch-I and 404 MW Uch-II Power Projects	Due to law and order situation at Uch Power Plant, Company invoked Article-XII of the IA, wherein it is obligatory for GOP to provide additional security. ECC of the Cabinet had already approved i) expenditure incurred on implementation of the security plan as pass through arrangement in PPA till security situation is improved and ii) reconstruction of underground tanks by the company.	Series of Meetings were held among the Company, CPPA, PPIB and Ministry of Interior, however certain issues between the Company and CPPA are yet to be resolved. The Company is emphasizing on early execution of PPA amendment to reimburse the cost of additional security incurred to-date by them.
720 MW Karot Hydropower Project under CPEC	Due to COVID-19, the construction activities were affected and remained slow against which the Project Company has claimed Force Majeure under Section 13.2 (A) of the Implementation Agreement.	Due to outbreak of Covid-19, construction activities of the project have been adversely affected including engineering, procurement and human resource/ personnel etc. Project Company as well as NTDC issued Covid-19 FME. PPIB has been advising the Company to employ the mitigation measures (Section 13.3 -Duty to Mitigate) in order to minimize the impact of Covid-19 in project construction activities and provide complete detail of alleged events and circumstances (including effects thereof) while precisely quantifying the delay. PPIB was involved in evaluating the impact of Covid-19 pandemic. In this regard a Staggering Report calculating possible delay in projects was prepared.

Project Description	Issues faced by project	Actions taken by PPIB
884 MW Suki Kinari Hydropower Project under CPEC	(i) NTDC changed certain parameters related to the generator (tap changer etc.) and other power evacuation equipment, which were beyond the provisions of the PPA. The matter of cost of the changed equipment and time required to procure it could not be decided between NTDC and the Company. NTDC asked the Company to claim increase in cost in the tariff and NTDC will support it at NEPRA. (ii) NTDC was required to procure and install Shunt Reactors for this project. However, NTDC instead of procuring by themselves, asked the Project Company to procure. Due to change in scope, associated risks and rights and obligations of the parties, the Project Company was hesitant to accept it. The issue between NTDC and the Company could not be concluded till Jun 2021. (iii) The process of Land Acquisition of remaining 156.11 Kanal Forest Land was delayed on part of GoKPK. Though the Cabinet of KPK accorded its approval yet its transfer to the Project Company could not be completed. (iv) Due to COVID-19, the construction activities were affected and remained slow against which the Project Company claimed Force Majeure under Section 13.2 (A) of the Implementation Agreement. (v) Registration of Security Trust Deed. Khyber Pakhtunkhwa Trust Act 2020 ('New Act') was promulgated in August 2020 which requires all trusts including the trust created by lenders in favor of the security trustee, to be registered afresh under the New Act as previous trust deeds had become non-functional. The New Act further requires that trusts created are to be registered with the Directorate of Industries and Commerce Department of Government of Khyber Pakhtunkhwa. Section 12 of the Trust Act provides that no Trust shall be functional unless it is registered under this Act with the Directorate.	(i) PPIB conducted follow ups, highlighted the matter at various progress meetings which resulted in settlement between NTDC and the Company i.e. The Company will present the enhanced cost due to the NTDC requirement to NEPRA and NTDC will support the cost incurred during tariff determination. The issue stands resolved. (ii) PPIB conducted follow-ups, highlighted the matter with relevant departments. Various meetings were conducted, however, the issue could not be resolved till June 2021. (iii) Due to the efforts of PPIB long pending issue of remaining 156.11 Kanal Forest Land was resolved. However, official transfer of the same not yet completed. (iv) Due to outbreak of Covid-19, construction activities of the project have adversely been affected including engineering, procurement and human/personnel resource etc. Project Company as well as NTDC issued Covid-19 FME. PPIB has been advising the Company to employ the mitigation measures (Section 13.3 -Duty to Mitigate) in order to minimize the impact of Covid-19 in project construction activities and provide complete detail of alleged events and circumstances (including effects thereof) while precisely quantifying the delay. PPIB was involved in evaluating the impact of Covid-19 pandemic. In this regard a Staggering Report calculating possible delay in projects was prepared. (v) The Project Company filed an application for Registration afresh with the Directorate through its letter dated 2nd May 2021. However, the issue could not be settled. PPIB conducted follow ups with GoKP and highlighted the matter in various meetings, however the issue could not settle till 30th June 2021.

Project Description	Issues faced by project	Actions taken by PPIB
700 MW Azad Pattan Hydropower Project under CPEC	(i) Sinosure is a mandatory insurance requirement for Chinese investments abroad on Chinese side. Sinosure expressed reluctance for further investment in projects due to delay in payment to already commissioned IPPs under CPEC. Therefore, the Chinese lenders remained hesitant to provide financing. Despite efforts of GoP entities, the issue remained unresolved till 30th June 2021. (ii) The EPC contract for this Project was signed in the year 2017 which did not account for WHT on offshore supply contract. In the Finance Act 2018, certain amendments were made due to which the offshore contractor of this project was affected as it came under the imposition of WHT. In GoP's Finance Bill 2021, the said tax was reduced from 1.4% to 1% as fix and final liability. However, GoAJ&K side expressed reluctance to adopt the tax rate reduction. The issue could not resolve till 30th June 2021. iii) Being CPEC project, sales tax on construction services is 1% non-refundable & non-adjustable and same is notified by GoAJ&K. To make the tax rate uniform in both territories i.e. AJ&K and Punjab, Punjab side was also required to reduce it from 16% to 1% as was already done in case of Karot HPP, another CPEC Project in Punjab, however, the process remained very slow on part of Punjab Revenue Authority and could not be notified till 30th Jun 2021. (iv) Project is located on River Jhelum at dual boundary between AJ&K and Punjab. Consensus for tax sharing mechanism was reached and minutes issued in June 2021 between parties. Formal concurrence from GoAJ&K and GoPunjab could not reach till 30th June 2021.	(i) PPIB assisted Power Division in payments issue associated with CPEC IPPs. Moreover, PPIB proposed this matter as an agenda of 10th JCC. (ii) Before drafting a Summary for ECC and submitting to Power Division in December 2020, PPIB conducted and participated in several meetings of stakeholders to resolve the issue. Based on the opinion of FBR that GoAJ&K has the power to amend its own tax laws, PPIB requested GoAJ&K, however no response was received. PPIB consensus building efforts resulted in the willingness of sponsors to pay 1% WHT on OSC as fix & final otherwise sponsors were of the firm opinion that this tax was not applicable at all because they signed the EPC contract before Finance Bill 2018. ECC in its meeting dated 5th May 2021 decided WHT on OSC @ 1% fix and final. The same was included by FBR in Finance Bill 2021 approved in June 2021. AJ&K denied to adopt the WHT on OSC with a view that AJ&K can only adopt any change which FBR makes as a generic amendment and this particular amendment seems as if FBR has done legislation for AJ&K only therefore it is discrimination. The reluctance of GoAJ&K in adopting this change in rate of WHT on OSC was not expected and the issue could not be resolved till June 2021. (iii) PPIB conducted follow ups, highlighted the matter in various progress meetings held at Minister's level which resulted in preparation of Summary for Punjab Cabinet by PRA/Finance Department of GoPb. Summary was presented but deferred for further refinement which

700 MW Azad Pattan Hydropower Project under CPEC	(i) The Project Agreements i.e. GOP IA, GoAJ&K-IA and GoAJ&K Water Use Agreement (WUA) could not be reviewed, negotiated and finalized by the Company as the standardized drafts are to be approved by ECC. (ii) Due to non-availability of approved Standardized Project Agreements for Small Hydropower Projects (SHPPs)	(i) After drafting the Standard Agreements for Small Hydropower (Security Package), the process for soliciting approval of Economic Coordination Committee of the Cabinet /Cabinet Committee on Energy (ECC/CCOE) is being initiated through Ministry of Energy (Power Division). (ii)The matter of Extension in the Letter of Support of Riali-II HPP was considered in Board meeting and PPIB Board approved the extension on 26th March, 2021. (iii)The issues of Right of Way of existing/redundant 33 kV transmission line, System Operator and Back-to-Back Agreement to be signed between CPPA-G and PESCO were considered and meetings of stakeholders (CPPAG, PESCO and

Project Description	Issues faced by project	Actions taken by PPIB
1,124 MW Kohala Hydropower Project under CPEC	(i) Sinosure expressed reluctance for further investment in projects due to delay in payment to already commissioned IPPs under CPEC. Therefore, the Chinese lenders remained hesitant to provide financing. Despite efforts of GoP entities, the issue remained unresolved till 30th June 2021. (ii) The EPC contract for this Project was signed in the year 2017 which did not account for WHT on offshore supply contract. In the Finance Act 2018, certain amendments were made due to which the offshore contractor of this project was affected as it came under the imposition of WHT. In GoP's Finance Bill 2021, the said tax was reduced from 1.4% to 1% as fix and final liability. However, GoAJ&K side expressed reluctance to adopt the tax rate reduction and the issue could not be resolved till 30th June 2021.	Series of Meetings were held among the Company, CPPA, PPIB and Ministry of Interior, however certain issues between the Company and CPPA are yet to be resolved. The Company is emphasizing on early execution of PPA amendment to reimburse the cost of additional security incurred to-date by them. (i) PPIB assisted Power Division in payments issue associated with CPEC IPPs. Moreover, PPIB proposed this matter as an agenda of 10th JCC. (ii) Before drafting a Summary for ECC and submitting to Power Division in December 2020, PPIB conducted and participated in several meetings of stakeholders to resolve the issue. Based on the opinion of FBR that GoAJ&K has the power to amend its own tax laws, PPIB requested GoAJ&K however the response did not arrive. PPIB

	(iii) The process of Land Acquisition for total 8600 kanal and Lease to the Company remained very slow on part of AJ&K Authorities. Though the KHCL had paid Rs. 1.53 billion for 4607 kanal yet its award/possession could not be made by GoAJ&K and price assessment of remaining land was also delayed. Moreover, GoAJ&K in year 2020, introduced a new Act for land acquisition (LAA 2020). Therefore, the land acquisition process went on hold due to delay in resolution of the issue about applicability of LAA 1894 versus LAA 2020. The issue of land acquisition could not be completed till 30th June 2021.	consensus building efforts resulted in the willingness of sponsors to pay 1% WHT on OSC as fix & final otherwise sponsors were of the firm opinion that this tax was not applicable at all because they signed the EPC contract before Finance Bill 2018. ECC in its meeting dated 5th May 2021 decided WHT on OSC @ 1% fix and final. The same was included by FBR in Finance Bill 2021 approved in June 2021. AJ&K denied to adopt the WHT on OSC with a view that AJ&K can only adopt any change which FBR makes as a generic amendment and this particular amendment seems as if FBR has done legislation for AJ&K only therefore it is discrimination. The reluctance of GoAJ&K in adopting this change in rate of WHT on OSC was not expected despite having executed TPA dated June 2020 and therefore the issue could not be resolved till June 2021. (iii) PPIB did extensive follow ups, progress review meetings held to settle the new issue about applicability of LAA 1894 vs LAA 2020. The land acquisition could not be completed till 30th June 2021.
Project Description	**Issues faced by project**	**Actions taken by PPIB**
640 MW Mahl Hydropower Project	The CPPAG advised PPIB not to process this project further till the approval of IGCEP. Accordingly, issuance of LOS was delayed due to non-availability of approved IGCEP upto 30th June 2021	PPIB continued putting its efforts for inclusion of the project in committed category of IGCEP through comments/ views on draft versions of IGCEP 2018-40, IGCEP 2020-47 and IGCEP 2021-30. Accordingly, issuance of LOS was delayed due to non-availability of approved IGCEP up to 30th June 2021.

Project Description	Issues faced by project	Actions taken by PPIB
82.5 MW Turtonas-Uzghor Hydropower Project	Issuance of LOS delayed due to non-availability of approved IGCEP upto June 2021. The CPPAG asked PPIB to hold the development process of the Project further till the approval of IGCEP. Accordingly, further processing remained on hold till 30th June 2021.	PPIB continued putting its efforts for inclusion of the project in IGCEP through comments/ views on draft versions of IGCEP 2018-40, IGCEP 2020-47 and IGCEP 2021-30.
450 MW Athmuqam Hydropower Project	After approval of Feasibility Study (FS), the Project Sponsors submitted tariff proposal to CPPAG for onward submission to NEPRA. CPPAG returned the FS tariff proposal with the plea that it cannot further process till approval of IGCEP by NEPRA. Hence development process of the project remained at hold till 30th June 2021.	PPIB continued putting its efforts for inclusion of the project in committed category of IGCEP through comments/ views on draft versions of IGCEP 2018-40, IGCEP 2020-47 and IGCEP 2021-30.
8 MW Kathai-II Hydropower Project	The Project Agreements i.e. GOP IA, GoAJ&K IA and GoAJ&K Water Use Agreement (WUA) could not be reviewed, negotiated and finalized by the Company as the standardized drafts are to be approved by ECC.	After drafting the Standard Agreements for Small Hydropower (Security Package), the process for soliciting approval of Economic Coordination Committee of the Cabinet /Cabinet Committee on Energy (ECC/CCOE) is being initiated through Ministry of Energy (Power Division). The matter of Extension in the Letter of Support of Kathai-II HPP was considered in Board meeting and PPIB Board approved the Extension in the Letter of Support of Kathai -II HPP on 26th March 2021.

Project Description	Issues faced by project	Actions taken by PPIB
7.08 MW Riali-II Hydropower Project	(i) The Project Agreements i.e. GOP IA, GoAJ&K-IA and GoAJ&K Water Use Agreement (WUA) could not be reviewed, negotiated and finalized by the Company as the standardized drafts are to be approved by ECC. (ii) Due to non-availability of approved Standardized Project Agreements for Small Hydropower Projects (SHPPs) under the Power Generation Policy 2015, the Company requested for extension in TLOS i.e. Financial Close. (iii) Rehabilitation and utilization of the Right of Way (ROW) of existing/redundant 33 kV transmission line owned by PESCO from Riali-II HPP to 11/132 kV Muzaffarabad (Old) grid station was foreseen for inter-connection; however, Transmission Line (T/L) ROW in Muzaffarabad city area is presently utilized by AJ&K Electricity Department for the local area electricity distribution. Consequently, the issue of ROW has been taken up with AJ&K Government to hand over the ROW including city area to Sponsor of Riali-II HPP in order to initiate work on the T/L by the company. However, the issue could not be resolved till 30th June 2021. (iv) As per Energy Purchase Agreement (EPA) signed between CPPA-G and Riali-II Project, PESCO was designated as System Operator and Back-to-Back Agreement was to be signed between CPPA-G and PESCO; however later on PESCO showed reluctance on the matter. PESCO is of the opinion that NTDC should be designated as system operator instead of PESCO and all relevant obligations arising under the EPA regarding System Operator should be attributed to NTDC. This issue kept pending till 30thJune 2021.	(i) After drafting the Standard Agreements for Small Hydropower (Security Package), the process for soliciting approval of Economic Coordination Committee of the Cabinet /Cabinet Committee on Energy (ECC/CCOE) is being initiated through Ministry of Energy (Power Division). (ii)The matter of Extension in the Letter of Support of Riali-II HPP was considered in Board meeting and PPIB Board approved the extension on 26th March, 2021. (iii)The issues of Right of Way of existing/redundant 33 kV transmission line, System Operator and Back-to-Back Agreement to be signed between CPPA-G and PESCO were considered and meetings of stakeholders (CPPAG, PESCO and AJ&K Electricity Department) were convened to resolve the issues. The matter is pending resolution. (iv) -do-

Project Description	Issues faced by project	Actions taken by PPIB
300 MW Ashkot Hydropower Project	PPIB in Nov. 2018 accepted transfer of the project from GoAJ&K for further processing however LOI could not be extended for completion of feasibility study due to non-availability of approved IGCEP.	PPIB continued putting its efforts for inclusion of the project in committed category of IGCEP through comments/ views on draft versions of IGCEP 2018-40, IGCEP 2020-47 and IGCEP 2021-30.
±660 KV Matiari-Lahore HVDC Transmission Project Under CPEC	Force Majeure Notices served by NTDC, PMLTC and others in wake of COVID-19 Pandemic; Owing to the same, PMLTC and NTDC served Force Majeure Event (FME) Notices for incurring delays in their respective obligations to each other under Transmission Services Agreement (TSA) between them. NTDC as per its FME Notices requested to extend the Scheduled Commercial Operation Date (SCOD) by 7 months and 19 days, whereas PMLTC hinted a 3 months delay in the commercial operations of the Project. Commissioning dispute between NTDC & PMLTC: On account of network-wide high oscillations observed during the low power end-to-end testing, NTDC had challenged Certificate of Readiness issued to PMLTC by the Independent Engineer and stopped further commissioning activities of the Project. This issue had the potential of leading to legal/ arbitration proceedings, which could cause delays in the Project commissioning for indefinite period. PPIB was entrusted the responsibility of resolving the dispute on highest priority basis by the Power Division.	PPIB convened various meetings, which were participated by representatives from Power Division, Planning Commission, CPPA-G, NTDC, AEDB and PPIB. Pursuant to deliberations during these meetings and necessary due diligence, appraisal of facts, bargaining position of each party, along with future course of action was discussed to arrive at an appropriate conclusion. After multiple rounds of meetings among stakeholders, it was agreed to align completion of power plants with COD of the transmission line project to avoid idle capacity payments to the Project. PPIB coordinated with NTDC, PMLTC, CESI and Owner's Engineer (HATCH) to amicably resolve the dispute. As a result of these efforts, an MoU was signed between NTDC and PMLTC on 18th February 2021. In accordance with the mutually agreed arrangement, the COD of the Project was extended up to 1st September 2021 with the provision that during pre-COD period i.e. from 1st March to 31st August 2021, the Project Company shall be paid as per the maximum demonstrated capability successfully tested and in line with the tariff to be approved by NEPRA.

Role in implementation of E-governance

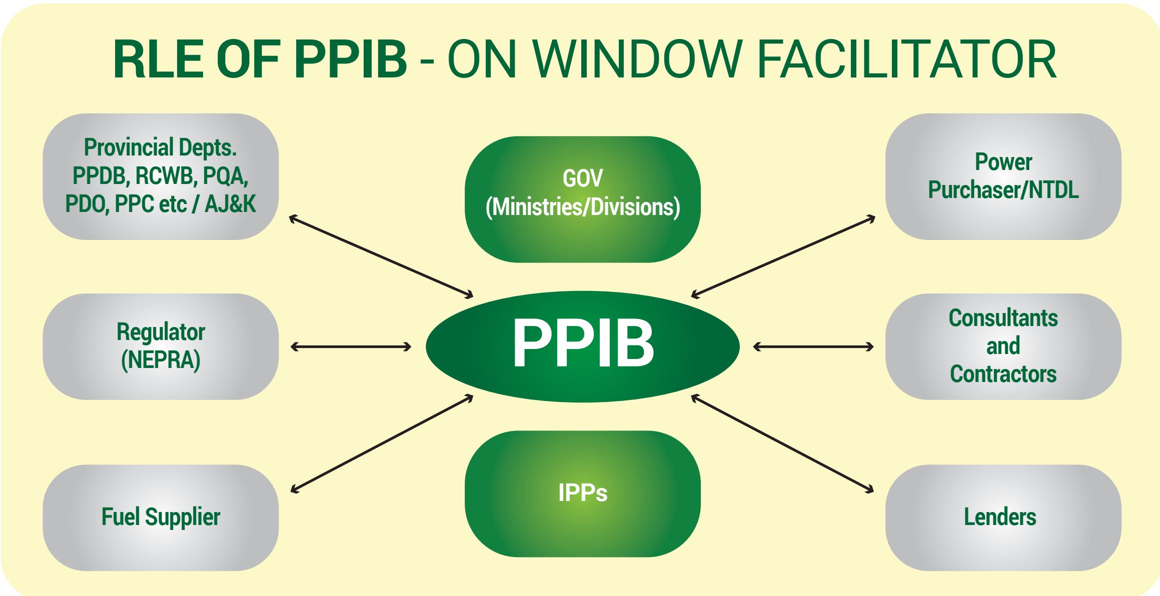
E-governance is the integration of Information and Communication Technology (ICT) into the government system to make the working processes efficient, accessible, and convenient. Pakistan is gradually moving towards the path of implementation of e-governance. NITB facilitates the Federal Ministries and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

Private Power and Infrastructure Board's Profile

a) Private Power and Infrastructure Board's Profile

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

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



public sector projects to be processed in IPP mode, PPIB Act was amended vide Private Power & Infrastructure Board Amendment Act, 2016. PPIB since its inception has been instrumental to attract massive investments in energy sector on different technologies under various GOP power policies announced in 1994, 1995, 2002 and finally 2015. It has acquired in-house expertise and right mix of skill set in structuring project finance transactions, evaluation of financing documents, negotiating and finalizing project agreements, conduct of feasibility studies etc. It has played a vital and leading role in bridging the gap between demand and supply in power sector and so far has successfully facilitated development of forty (40) power projects based on multi-fuel technologies with cumulative capacity of 17,550 Megawatts (MW), which is approximately 50% of total generation capacity of Pakistan. PPIB has also facilitated development of Pakistan's first ever private sector approx. 886 KM long HVDC transmission line project under the aegis of CPEC. Thus a vast, enriching and time tested experience in the areas of project and infrastructure finance, engineering, policy, HR, IT and law is presently housed in PPIB.

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

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

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

b) Functional Organogram

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

- Projects Sections

The Projects Sections comprises of i) Hydropower Section, ii) Coal Section, iii) Thermal Section and iv) Transmission Section, each headed by a Director General. These Sections deal with the matters related to processing and implementation of power generation projects based on Hydro and Thermal technologies (including Coal & RLNG) in the private as well as public sector under the applicable power policies of the GoP. They also administer the IPPs commissioned through PPIB under various policy frameworks. The Transmission Lines Section deals with the matters related to processing and implementation of Transmission Line projects under the applicable Policies of the GoP.

- Law Section

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

- HR & IT Section

  Deals with the Human Resource, Information Technology and Administrative matters of PPIB and also coordinates with all other Sections for compilation of data.

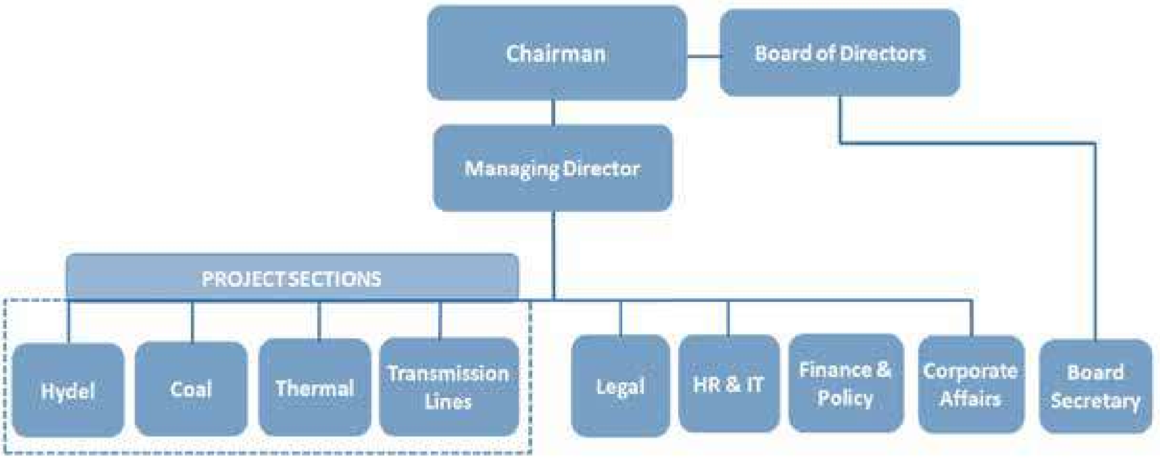
- Finance & Policy Section

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

- Corporate Affairs Section

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

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



c) Board of Directors

The composition of the Board of PPIB has been mentioned in PPIB Act 2012, according to which the Federal Minister of Power Division is Chairman of PPIB Board. However, during the year 2020-21, the Federal Government in January 2021 accepted resignation of Federal Minister of Power Division, as Chairman of PPIB Board and designated Secretary, Ministry of Energy (Power Division) to preside over meetings of PPIB Board. The Board of PPIB is represented by high level officials from relevant ministries, which include Secretaries from Power Division, Petroleum Division, Ministry of Finance and Planning Division, plus the Chairman of Federal Board of Revenue (FBR), Chairman of WAPDA and Chief Secretaries of Provinces and AJ&K. For maintaining a healthy balance, the Board also has the representation of Gilgit Baltistan and FATA in the decision making process while acknowledging significant amount of share in the current power generation capacity of country, private sector has also been made part of the Board by having one private sector member from each Province. However, after merger of FATA in the KP, the representation of FATA no longer exists in the Board of PPIB. Composition of the Board as provided vide PPIB Act 2012 is as follows:

Chairman*	**Federal Minister for Power (Ministry of Energy)***
Members	Secretaries of Power, Finance, Petroleum and Planning Divisions/Ministries
	Chief Secretaries of Provinces and AJ&K
	Chairman, FBR, Chairman WAPDA and MD PPIB
	One representative each from the GoGB and FATA (after merger of FATA into KP, the representation of FATA does not exist)
	One Private Sector Member from each Province

**The Federal Government in January 2021 accepted resignation of Federal Minister of Power Division, as Chairman of PPIB Board and designated Secretary, Ministry of Energy (Power Division) to preside over meetings of PPIB Board*

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

d) Committees of the Board

(A)	Audit and Finance Committee
•	Member from Ministry of Finance
•	Member from Planning Division
•	Member from Government of AJ&K
•	Member from Government of Punjab
•	Member from Government of Khyber Pakhtunkhwa

(B)	Human Resource Committee
•	Member from Government of Sindh
•	Member from Government of Balochistan
•	Member from Ministry of Finance
•	Member from Planning Division
•	Member from WAPDA

(C)	Projects' Committee
•	Member from Planning Division
•	Member from Government of Punjab
•	Member from Government of Sindh
•	Member from Khyber Pakhtunkhwa
•	Member from Government of Balochistan
•	Member from Government of AJ&K
•	Managing Director PPIB

e) Management Team

• Mr. Shah Jahan Mirza, Managing Director
• Mr. Sami Rafi Siddiqui, Executive Director General HR & IT
• Dr. Munawar Iqbal, Director General Projects Hydro
• Mr. Ali Nawaz, Director General Projects Coal
• Mr. Adil Sharif, Director General Law
• Mr. Safeer Ahmed, Director General Finance & Policy
• Mr. Faisal Riaz, Director General Corporate Affairs
• Mir Adil Hameed, Director General Projects (Transmission)
• Mr. Khalid Umar, Director General HR
• Mr. Shehzad Anwar, Director General Projects Thermal

f) PPIB Office

Private Power and Infrastructure Board
Ground, 1st and 2nd Floors, Emigration Tower,
Sector G-8/1, Islamabad.

Tel. No. 051-9264034-45

Fax No. 051-9264030-31

Email: ppib@ppib.gov.pk

Website: www.ppib.gov.pk

g) Main Bankers

- Habib Bank Limited
- Meezan Bank Limited

h) Auditors

- M/S A.F Ferguson and Company, Chartered Accountants

Meetings of PPIB Board

During the financial year 2020-21, four meetings of the Board of PPIB were held under the chairmanship of Secretary, Ministry of Energy (Power Division), who was designated as Chairman to preside over meetings of the Board of PPIB by the Federal Government. Brief on key decisions taken during 129th to 132nd meetings of the Board are as follows:

• 129th Meeting held on 04th Jan 2021

(i) The Board granted extension in Financial Closing date of following projects;

- 300 MW imported coal power project at Gwadar, Baluchistan, up to 31st January 2022
- 1320MW Thar Coal Based Power Project at Thar Coal Block – I, up to 30th June 2021.
- 1263.2 MW R-LNG based Independent Power Generation Project near Trimmu Barrage, up to 24th April 202.

(ii) The Board approved draft of standard Implementation Agreement for small hydropower projects under the Power Generation Policy 2015 including the Guarantee for payment obligations of the Power Purchaser, AJ&K / Provinces pursuant to the EPA, AJ&K IA and the WUA as the case may be.

(iii) The Board approved Supplementary Budget amounting to Rs. 1.35 million.

(iv) The Board decided that Letter of Support of M/s Grange Power Ltd (GPL) be terminated following a settlement agreement whereby GPL's double performance guarantee issued by Soneri Bank Ltd will be returned uncashed.

(v) The Board decided that PPIB shall make all appointments on merit, without considering any provincial quota since application of quota is not mandatory on PPIB.

(vi) Board approved the Financial Statements for the year ended June 30, 2020 alongwith the auditors' report.

(vii) The Board approved Annual Report 2019.

(viii) The Board approved Board Committee meeting fee equal to one Board Meeting fee i.e., PKR 35,000/- to be paid to each Board Member for attending a Board Committee meeting.

- ## 130th Meeting held on 08th February 2021

The Board unanimously approved;

(i) the amendments to the Implementation Agreements, Guarantee, Direct Agreement to Implementation Agreement and Guarantee Direct Agreement (applicable only in respect of 2002 Power Policy projects) standard AJ&K Implementation Agreements, Direct Agreement to AJ&K Implementation Agreement and draft consent letter to be sent to CPPAG.

(ii) Master Agreements, PPA Amendment Agreements and PPA Novation Agreements for 1994 Power Policy Projects and Master Agreements, PPA Amendment Agreements and PPA Novation Agreements for 2002 Power Policy Projects in respect of IPPs for submission to the GOP for its consideration/approval.

(iii) that MD PPIB and in his absence Director Legal PPIB to sign and execute project specific documents as and when required.

•131st Meeting held on 04th March 2021

The Board approved:

(i) draft Amendment No. 1 to the Implementation Agreement dated 14th May 2018;

(ii) the submission of ECC Summary, seeking approval of Amendment No. 1 to the Implementation Agreement and Addendum No.1 to the Transmission Services Agreement & Operation & Maintenance Agreement as negotiated and finalized by NTDC duly approved by its Board.

- **132nd Meeting held on 26th March 2021**

(i) Board granted extension in the Financial Closing date of following projects;

- 700.7MW AZAD-PATTAN Hydropower Project for twelve (12) months i.e. from 31st December 2020 to 31st December 2021

- 330 MW Thar Coal Power Project by M/S. SIDDIQSONS Energy Limited (SEL) up to 30th September 2021,

- LOS- 7.08 MW Riali HPP Hydropower project for a period of 12 months i.e. from 15th April 2021 to 14th April 2022.

- 8.0 MW Kathai HPP Hydropower Project for a period of 15 months i.e. from 19th May 2021 to 18th August 2022.

(ii) The Board approved Issuance of a comfort /side letter to M/s CIHC Pak Power Company Limited, to take up the request of the Company to ECC by submitting a summary to Ministry of Energy (Power Division).

(iii) The Board granted principal approval of Annual Report 2020 and directed Representative of Planning Division, MD PPIB, CEO CPPA-G to finalize the same jointly.

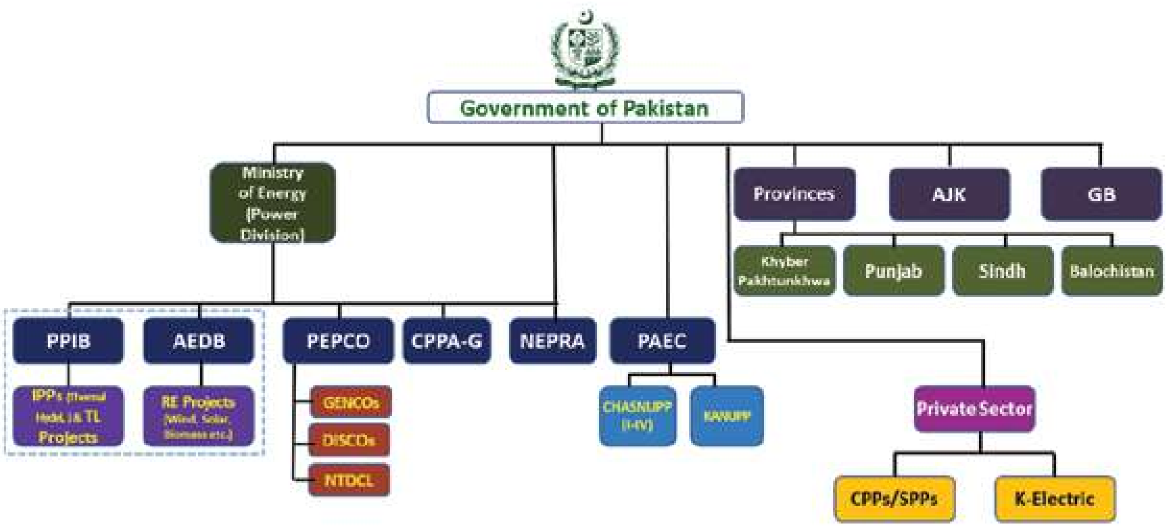
(iv) The Board ratified confirmation of services of Mr. Fawad Hassan, Board Secretary and approved Chairman PPIB as Reporting Officer of the Board Secretary, who shall report functionally to the Chairman PPIB and for routine administrative matters to MD PPIB.

(v) The Board approved following change in designations and to reflect the same in PPIB Regulations.

S#	Grade	Current Designations	Proposed Designations
1	EG-VI	- Senior Executive Director - Executive Director - Director	- Executive Director General - Senior Director General - Director General
2	EG-V	Senior Manager	Director
3	EG-IV	Manager	Joint Director
4	EG-III	Deputy Manager	Deputy Director
5	EG-II	Assistant Manager	Assistant Director
6	EG-I	Junior Executive	Officer (Relevant Section)

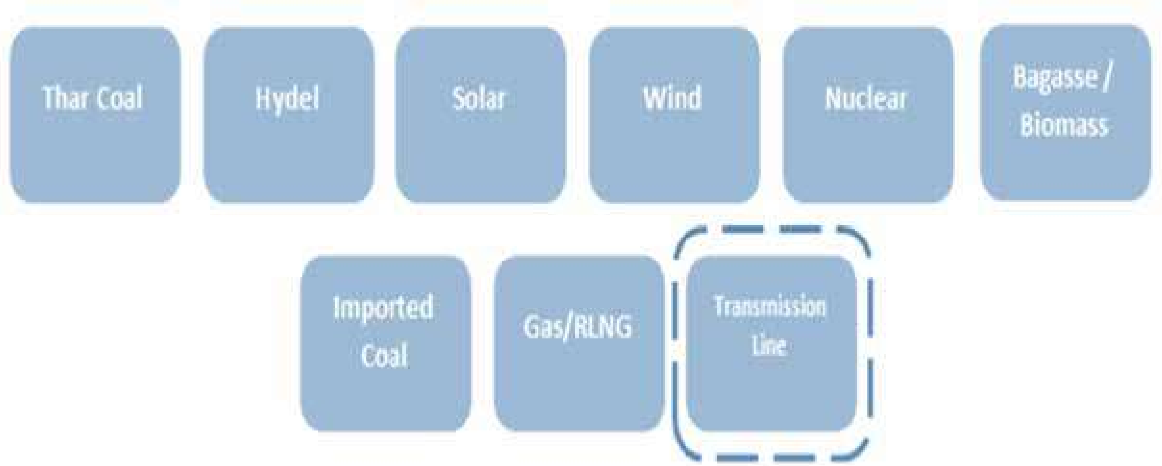
Pakistan's Power Sector and role of PPIB

Historically power generation in Pakistan has been in the public sector, where two vertically integrated utilities namely Water and Power Development Authority (WAPDA) and Karachi Electric Supply Corporation (KESC) were operating the system. Keeping in view the electricity demand patterns and lack of financial resources in the public sector, the government of Pakistan decided to mobilize private sector resources by inducting it into power generation, and in 1985, the government of Pakistan announced measures to encourage private sector participation in the power sector, when the 1292 MW Hub Power Project (Hubco) was initiated. Later, the Power Policy 1994 was announced under which the Private Power and Infrastructure Board was created to act as one-window facilitator for investors interested in setting up power generation and transmission line projects and to provide day to day support to IPPs which subsequently commissioned as a result of PPIB's facilitation.



Role of PPIB is mainly a facilitator for the private sector investors, and a mediator between different stakeholders of the power sector. PPIB assists IPPs in different areas vis-a-vis issuance of consents/approval from the relevant authorities for the timely commissioning and proper operation of the power complex, provision of third party support for the prudent performance and timely payments to IPPs from the power purchaser and fuel supplier, to facilitate security arrangements, availability of foreign exchange, etc. In addition to these, PPIB also provides risk coverage against any political event and change in law materially affecting the company. PPIB arranges, and also facilitates GOP to organize conferences and seminars at national and international level to highlight investment opportunities in the private power sector of Pakistan and attract investment to this effect.

Pakistan's power sector comprises of power plants established in the public as well as private sector. Pakistan's primary energy mix comprises local Thar coal, Hydel, Solar, Wind, Nuclear, Imported Coal, Bagasse/Biomass and natural Gas/RLNG, and as allied infrastructure, transmission network is a critical component of the power sector without which electricity cannot be transmitted to the load centres.



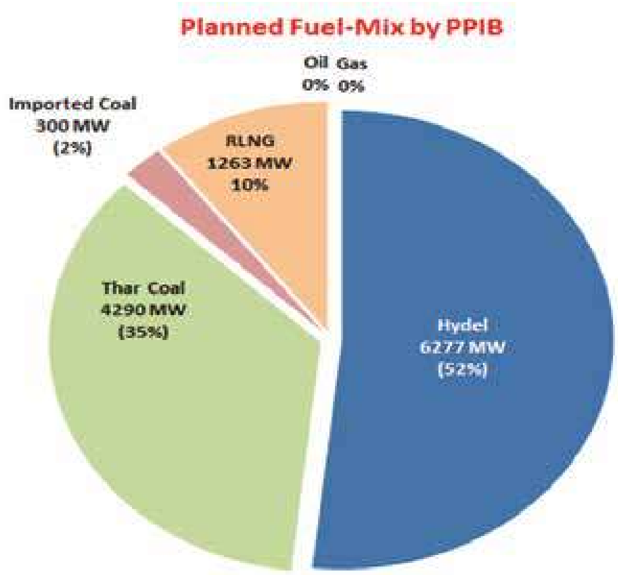
To cater for electricity requirements of the country, PPIB has always been a leading force of the GoP in implementing various initiatives under different policy frameworks announced from time to time. The brilliance of PPIB's past performance is evident from the fact that by attracting an investment of US$ 20 Billion, PPIB has so far managed to induct fourty (40) IPPs of 17,551 MW which are based on different fuels i.e. hydro, local and imported coal, gas, RLNG & RFO. These IPPs were materialized under different policy frameworks which were announced in 1994, 1995, 2002 and 2015. Policy wise induction of IPPs by PPIB is illustrated in the below table:

PPIB's PORTFOLIO - SUMMARY OF OPERATIONAL IPPs

	Number of Projects	Capacity (MW)	Investment (Millions US$)
• Projects Prior to 1994 Power Policy	1	1292	1608
• Projects under 1994 Power Policy	15	3100	3490
• Projects Privatized from Public sector	1	1638	1583
• Projects under 1995 Hydel Policy	1	84	215
• Projects under 2002 Power Policy	15	3183	3927
• Projects under 2015 Power Policy	7	8253	9153
• **Total**	**40**	**17,551**	**19,976**

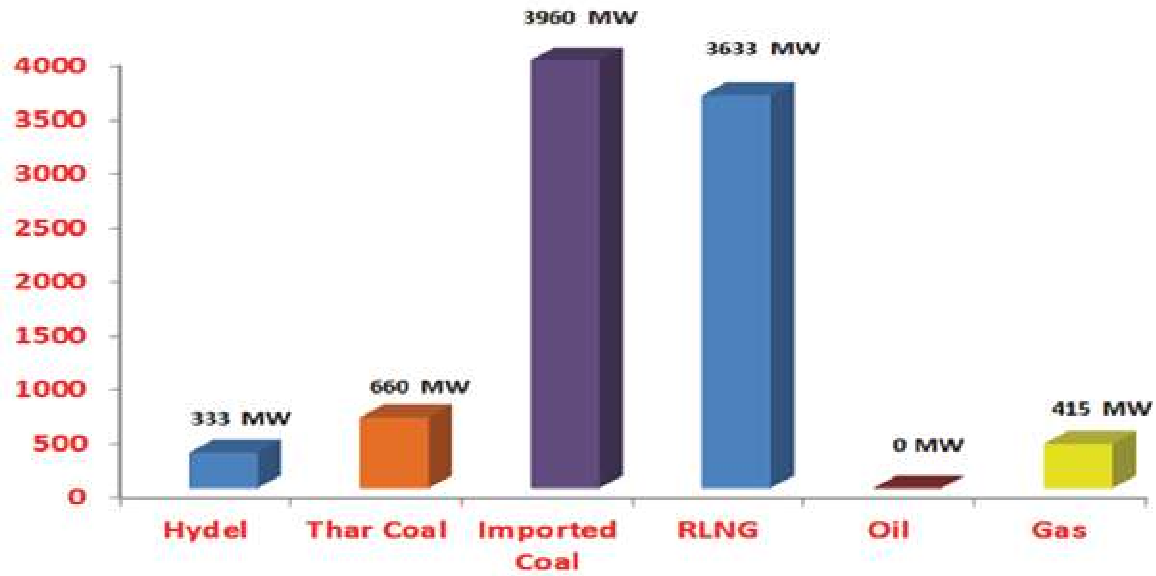
After suffering from electricity shortfalls for several years, Pakistan has now moved into an era of surplus electricity in its system. Since emergency period is over, therefore, prevailing situation allows policy makers to take measures for developing power sector on sustainable footings. Accordingly, in order to avoid the problems caused by repeated cycles of power shortages, surpluses and mismatches in the development of various components of supply chain affecting the socio-economic development of the country, sustainable development of power system is being pursued by the GoP through integrated planning for optimal, affordable and secure development of the power sector. This approach includes accurately forecasting demand, adding generation capacity, improving transmission and distribution systems, bringing costs down and ensuring sustainability. For the first time, comprehensive planning is being conducted on yearly basis in Pakistan in the form of the Indicative Generation Capacity Expansion Plan (IGCEP), which includes expansion planning studies that will be updated annually in order to retain accuracy in the wake of changing dynamics. The aim of the IGCEP is to optimize energy generation costs in order to ensure that adequate generation is added at a least-cost basis to meet future energy demands.

PPIB is keen to further increase the percentage of Thar coal and Hydro in the energy-mix and in this regard it is already involved in processing such projects which is evident from the below image:



The performance of PPIB towards discouraging future power generation based on expensive oil & depleting natural gas for power generation is further evident from the fact that during 2013 till June 2021, not a single oil based IPPs was entertained and after 2014, no new natural gas based project was allowed by PPIB. In this perspective, the fuel-mix that was achieved by PPIB is a unique blend of indigenous, renewable and less expensive thermal (RLNG + Coal+ Gas) power generation projects. Detail is described in below image:

Fuel Mix Achieved During 2013 till June 2021



PPIB has been a top performing department of the GoP for developing power sector and has successfully unfolded various unaddressed chapters of the power sector. The same are captured below;

- PPIB implemented IPPs program of the GoP as envisioned in 1994 under the Power Policy 1994 and introduced private capital of multibillion US Dollars in the power sector of Pakistan. Later on, PPIB handled 2002 Power Policy quite effectively and now implementing Power Generation Policy 2015 and Transmission Line Policy 2015.
- PPIB has the distinction of successfully implementing Pakistan and AJ&K's first Hydro IPP in 2013 (84 MW New Bong Escape HPP), later another two hydro IPPs were commissioned which include 147 MW Patrind and 102 MW Gulpur.
- Similarly, Pakistan's first Thar Coal based IPP of 660 MW has also been processed and implemented by PPIB under Power Generation Policy 2015.
- PPIB has so far materialized three mega projects of 3,633 MW while another project of 1,263 MW is also about to be completed soon. These RLNG based projects were exclusively processed by PPIB under the IPP regime of the Power Generation Policy 2015 which is also a new chapter unfolded by PPIB.
- PPIB maintained its exclusiveness through private sector resource mobilization in the Transmission Line Sector of Pakistan. Under this initiative, PPIB is processing a mega project covering the distance of approximately 886 kilometers between Matiari (Sindh) and Lahore (Punjab). This project is not only the first private sector transmission line project but it would also be Pakistan's first project which would be equipped with HVDC technology.

- PPIB is processing major chunk of CPEC energy segment comprising twelve power generation projects of around 11,634 MW and the above mentioned Transmission Line Project carrying investment outlay of approximately US$ 20 billion.
- PPIB has also started processing small hydropower projects upto 50 MW generation capacity under Tripartite Letter of Support Regime of Power Generation Policy 2015. In this regard, initially two projects have already been issued TLOSs while several others are being processed for the same.

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

- **Formulation of Policies / Guidelines**
  - New Power Generation Policy 2015
  - Policy Framework for Private Sector Transmission Line Projects, 2015
  - National Power Policy 2013
  - Policy for Power Generation Projects Year 2002
  - National Policy for Power Co-Generation by Sugar Industries and Guidelines for Investors, 2008
  - Guidelines for Determination of IPPs Tariff
  - Guidelines for Setting Up of Private Power Projects Under Short Term Capacity Addition Initiative
  - Procedure for development of Private Power Projects under Upfront Tariff Regime
  - Guidelines for Sugar Mills for Co-Generation (Co-Gen) from Bagasse

  Preparation and finalization of Security Packages
  - R-LNG based Power Projects
  - Coal based Power Projects
  - Transmission Line Projects
  - Supplemental Agreement for CPEC Projects
  - Small Hydro IPPs (under preparation)

- **Preparation of Upfront Tariff(s)**
  - o Imported & Local Coal based Power Projects
  - o Gas/RFO based Power Projects
  - o HVDC Transmission Line Project

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

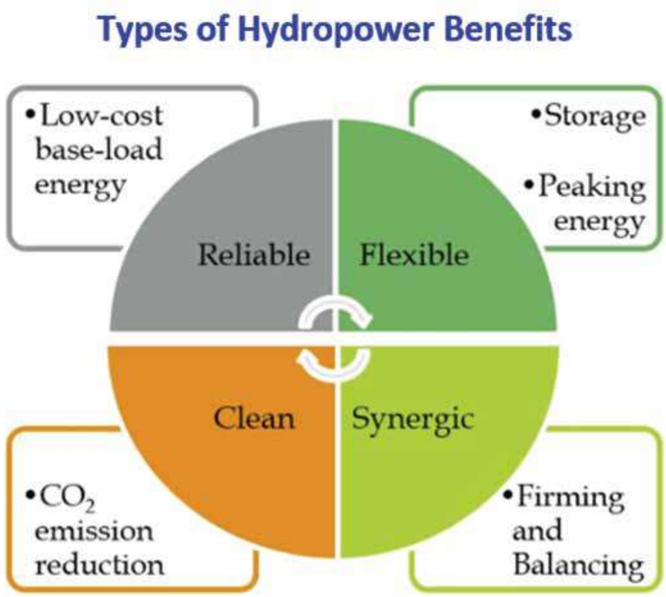
- **Key Reports and Guidelines Published by PPIB**
  - o Hydropower Potential of Pakistan
  - o Hydropower Resources of Pakistan
  - o Pakistan Coal Power Generation Potential
  - o Thar Coalfield Sindh, Pakistan and Pakistan's Thar Coal Power Generation Potential.

Implementation of Hydro Power IPPs

Hydropower is an important renewable energy resource worldwide. However, its development is accompanied with environmental and social drawbacks. Issues of degradation of the environment and climate change can negatively impact hydropower generation. A sustainable hydropower project is possible, but needs proper planning and careful system design to manage the challenges. Well-planned hydropower projects can contribute to supply sustainable energy. An up-to-date knowledge is necessary for energy planners, investors, and other stakeholders to make informed decisions concerning hydropower projects. As mentioned earlier, hydropower is sensitive to the state of environment, and climate change. With global climate change, although globally the potential is stated to slightly increase, some countries will experience a decrease in potential with increased risks. Adaptation measures are required to sustainably generate hydropower.

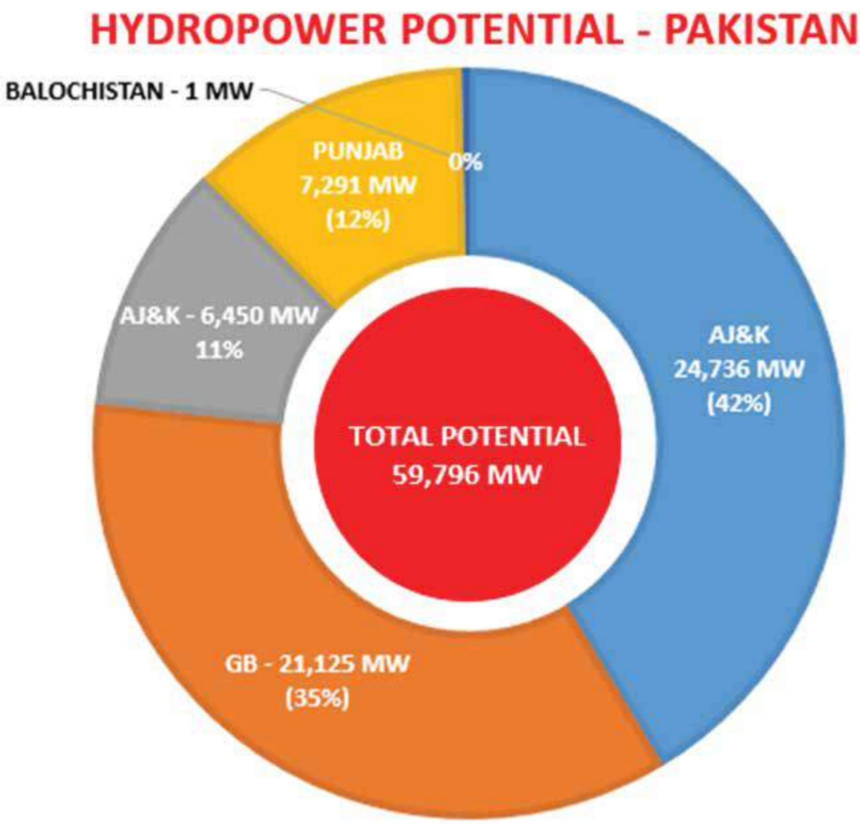
Pakistan's dependence on RFO and natural gas in the overall energy-mix is on decline which may be attributed to depleting natural gas reserves as well as due to the introduction of LNG since 2015, while RFO being expensive imported fuel. On the other hand, the share of hydro and nuclear has been planned to be increased in recently developed IGCEP. Hydropower is one of the more important renewable energy resources for generating electricity, decarbonizing the power system and improving system flexibility.

As the world's single largest source of renewable electricity with unique storage and flexibility services to support the integration of variable renewables, hydropower can play an integral role in the recovery effort and the clean energy transition. Looking ahead, hydropower is key to the energy plans of many countries including Pakistan to address energy poverty and increase access to reliable, affordable and cleaner electricity. Besides electricity, hydropower projects deliver a range of benefits to the society and the environment. Over and above electricity generation, power-related benefits include flexible generation and water storage, as well as reduced dependence on fossil fuels and avoidance of pollutants. Situated in remote places, hydropower projects uplift these areas by promoting economic development, creating employment and improving livelihoods. Such projects can potentially unfold investment in transportation, education and health services, tourism and recreation, while boosting national macroeconomic growth and opportunities for trade. Communities benefit from safely managed water for homes, industry and agriculture, and flood and drought mitigation. Thus, a hydropower project designed and built for power generation will often find multiple other uses over its lifetime. It is a globally established fact that hydropower projects are characterized with a variety of technical and economic constraints and bottlenecks; these include hydrological risks, resettlement, land acquisition and environmental issues, longer development and construction periods, seasonal reduction and variation in generation capacity and financing problems etc. However, despite such challenges, significant attention is being given both at federal as well as provincial levels for harnessing maximum potential and PPIB as a key department of the GoP is playing lead role in tapping maximum potential, thus bagging significant laurels.



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

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



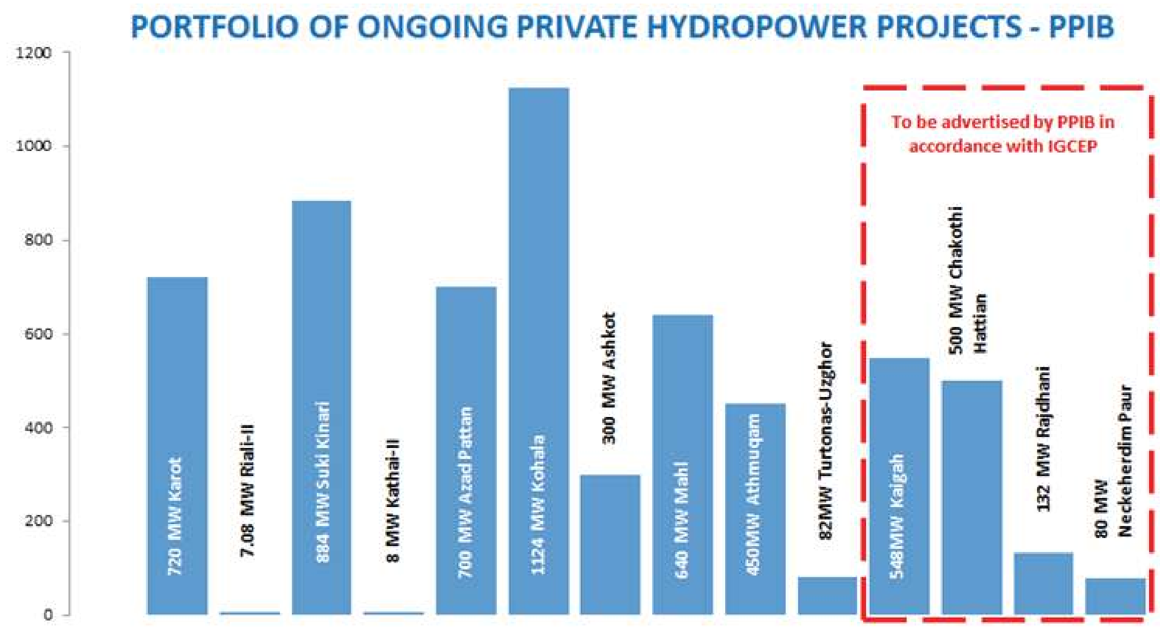
In Pakistan, so far 9,861 MW have been tapped out of an identified hydropower potential of 60,000 MW which is 16.4 % of the total potential from which contribution of public sector is 9,389 MW (15.64%) while private sector share comes to 472 MW (0.78%).

Since PPIB is not processing new projects on oil and other imported fuels for power generation, therefore, hydropower contribution in the national energy-mix would witness significant growth in future. Since commissioning of three projects of 333 MW by PPIB till now, several projects have reached at advance stages of development which mainly include 720 MW Karot, 884 MW Suki Kinari, 1,124 MW Kohala and 700 MW Azad Pattan which are being expedited by PPIB for early commissioning. Overall, PPIB's portfolio of active hydropower projects comprises of fourteen (14) projects of 6,175 MW. Pakistan's energy-mix for the period upto June 2021 is illustrated below alongwith the comparison of PPIB's achieved energy-mix with the planned mix as per its portfolio:

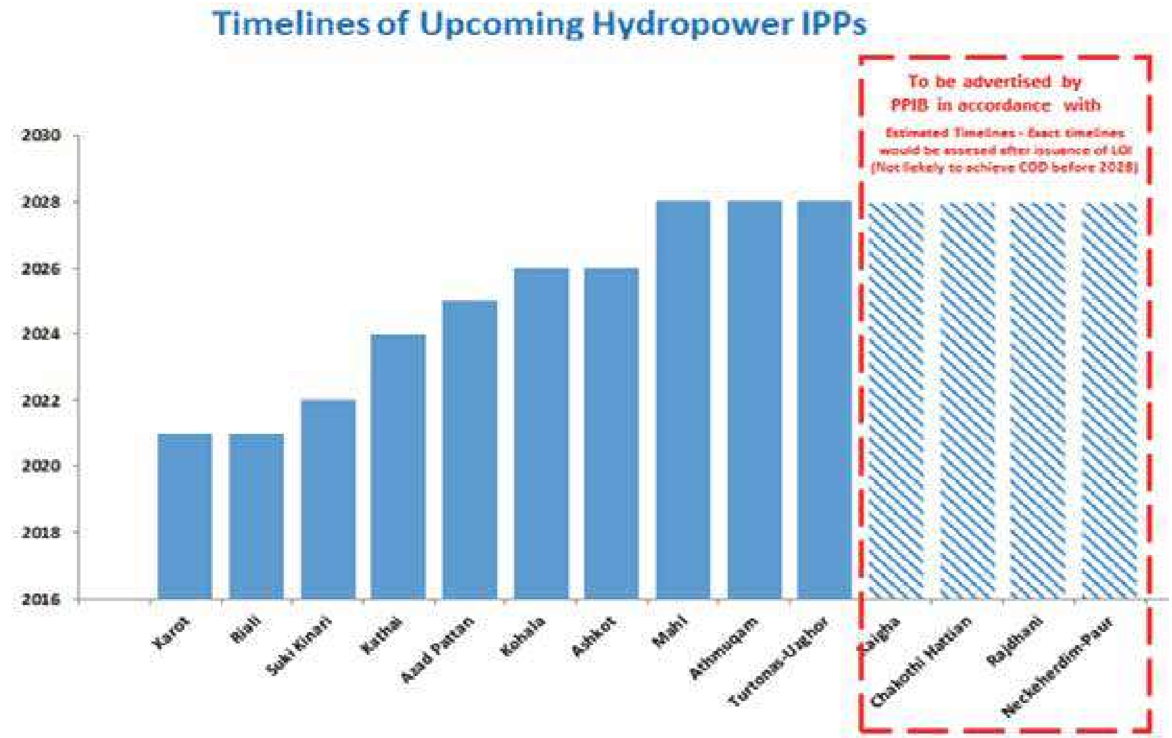
Some new hydropower projects are lined-up to be initiated by PPIB in accordance with the IGCEP which represents the first complete iteration of an integrated planning exercise for the power sector of the country and will be revised every year on the basis of ground realities including growth trajectory,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

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

The current portfolio of hydropower projects being processed by PPIB includes projects ranging from 58 MW to 1,124 MW of generation capacity which are located in Khyber Pakhtunkha, AJ&K and Punjab. Detail of current assignments of PPIB in the area of private hydropower generation is portrayed in the following image:



The ongoing hydropower projects are planned to be completed during 2019-2028, however, the COIVD-19 factor may slightly impact on these timelines which may be determined after substantiating the impact of the crisis.

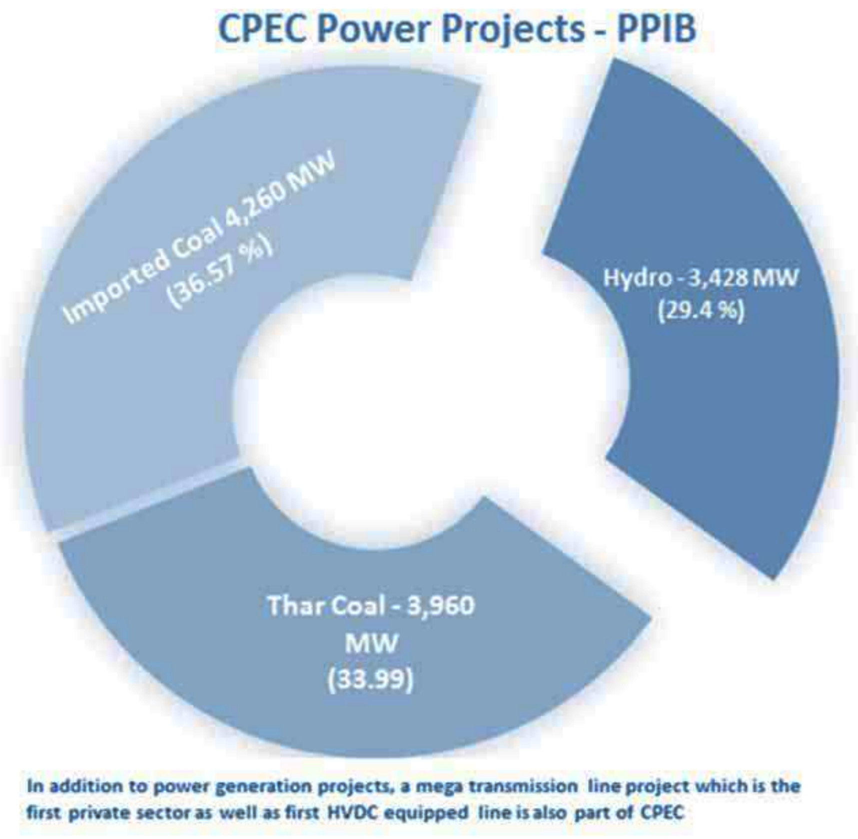


The active portfolio of hydropower projects also includes projects which are being processed by PPIB under the framework of CPEC. Overall four major hydropower projects of aggregate capacity of 3,428 MW are included in CPEC which are being handled by PPIB. From these, two projects of 1607 MW are under advance stages of construction while remaining two projects of 1,824 MW are about to achieve Financial Close after which construction work on these projects will start. PPIB in collaboration with provincial and federal stakeholders, is proactively working so that least impact of COVID-19 occurs and plants continue progressing steadily.

Upcoming Hydropower Projects under CPEC

Project Name	River & Location	MW	Investment US$ (Million)	Investment US$ (Million)
Karot	Jhelum River, Distt. Rawalpindi, Punjab	720	1,698	1,698
Suki Kinari	Kunhar River, Mansehra, KP	884	1,962	1,962
Kohala	Jhelum River/ Kohala, AJ&K	1,124	2,355	2,355
Azad Pattan	Jhelum River/ Sudhnoti, AJ&K	700.7	1,350	1,350
	Total	**3,428.7**	**7,365**	

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



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

CPEC based Hydropower Projects under Process by PPIB				
Hydropower Projects	**Pre-LOS stage**	**LOS Stage**	**Construction stage after FC**	**Commissioned**
4 Projects	-	2 Projects	2 Projects	-
3,428 MW	-	1,824 MW	1604 MW	-

Due to prompt, efficient and expert facilitation, various hydropower IPPs have succeeded in accomplishing various milestones during the financial year 2020-21 even during COVID-19 pandemic. PPIB vigilantly monitors the most critical post financial close phase of IPPs through soliciting monthly progress reports from IPPs and also through regular site visits.

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

Hydropower Projects being implemented by PPIB			
S.No.	**Project Name**	**Capacity (MW)**	**Status as on 30.06.2020**
1.	Riali-II	7.08	Under FC
2.	Karot	720	Under Construction
3.	Suki Kinari	884	Under Construction
4.	Kathai-II	8	Under FC
5.	Azad Pattan	700.7	Under FC
6.	Kohala	1,124	Under FC
7.	Ashkot	300	Under Evaluation
8.	Mahl	640	Under LOI
9.	Athmuqam	450	Under LOI
10.	Turtonas-Uzghor	82	Under LOI
11.	Kaigah	548	To be advertised subject to inclusion in IGCEP
12.	Chakothi-Hattian	500	
13.	Rajdhani	132	
14.	Neckeherdim-Paur	80	
Total (MW)	**Total (MW)**	**6175.78**	

Karot Hydropower Project

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

Salient features of project are as follows:

Project Company:	Karot Power Company (Pvt.) Limited
Sponsors:	China Three Gorges South Asian Investment Limited and Focus Power Investment Limited
Location:	Jhelum River, Dual boundary of District Rawalpindi, Punjab & District Kotli, AJ&K
Capacity:	720 MW
Energy:	3249 GWh
Project Cost:	US$ 1689 million
Tariff:	Rs. 7.7370/KWh
Applicable Policy	2002

Key milestones achieved:

Issuance of LOS:	29.08.2013
FC Date:	22.02.2017
River Closure:	22.09.2018

Current Status:

Construction activities at site are going at full pace. So far 87% construction work has been completed and efforts are being made to complete the Project at earliest with minimum delayed time (actual targeted date of completion was December 2021), however, due to Covid-19 Pandemic situation, the project is expected to be commissioned by June 2022.

Suki Kinari Hydropower Project

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

Salient features of project are as follows:

Project Company:	SK Hydro (Pvt.) Limited
Sponsors:	China Gezhouba Group Co., and M/s Haseeb Khan (Pvt) Ltd., Lahore.
Location:	Kunhar River (a tributary of River Jhelum), District Mansehra, Khyber Pakhtunkhwa
Capacity:	884 MW
Energy:	3129 GWh
Project Cost:	US$ 1707 million
Tariff:	Rs. 8.5853/kWh
Applicable Policy	2002

Key milestones achieved:

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

Current Status:

Construction activities at site are going at full pace. The construction period of the Project is six years. So far, 49.29% construction work has been completed and efforts are being made to complete the Project by December 2022.

Kohala Hydropower Project

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

Salient features of project are as follows:

Project Company:	Kohala Hydro Company (Private) Limited
Sponsors:	China Three Gorges South Asia Investment Limited (CSAIL)-China Three Gorges Corporation
Location:	Jhelum River, Dam/Weir near Siran & Power House near Barsala/Kohala
Capacity:	1124 MW
Energy:	5149 GWh
Project Cost:	US$ 2400 million
Tariff:	Rs. 8.2345/KWh
Applicable Policy	2002

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year.

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

Current Status:

For declaration of Financial Closing by PPIB, the project is striving for achievement of various critical milestones as outlined above. However, this project is facing delays due to various factors which mainly include reluctance of Sinosure and delay in land acquisition. Kohala hydropower project is set to be commissioned by Dec 2028.

Azad-Pattan Hydropower Project

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

Salient features of project are as follows:

Project Company:	Azad-Pattan Power Private Limited
Sponsors:	M/s Power Universal Investment Company Ltd, China Gezhouba Group Company (CGGC Overseas & CGGC Engineering), Laraib Energy Limited Pakistan
Location:	River Jhelum, District Sudhnoti, Azad Jammu & Kashmir
Capacity:	700.7 MW
Energy:	3266 GWh
Project Cost:	US$ 1350 million
Tariff:	Rs. 7.4064/KWh
Applicable Policy	2002

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year:

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

Current Status:

For declaration of Financial Closing by PPIB, the project is striving for achievement of various important milestones as outlined above. Azad Pattan project is set to be commissioned by September 2027.Delay in land acquisition and Reluctance of Sinosure are major factors which is affecting the progress.

Mahl Hydropower Project

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

Salient features of project are as follows:

Project Company:	Mahl Hydropower Company Private Limited
Sponsors:	China Three Gorges South Asia Investment Limited, China Three Gorges International (subsidiaries of China Three Gorges Corp), and & Trans Tech Pakistan
Location:	River Jhelum on tri-boundary of AJ&K, Punjab and KP
Capacity:	640 MW
Energy:	2676 GWh
Project Cost:	US$ 993 million
Tariff:	Rs. 6.6886/kWh
Applicable Policy	2002

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year:

- Environmental Approvals of Punjab and AJ&K
- Issuance of Letter of Support (subject to IGCEP timeline to be approved by NEPRA)

Current Status:

PPIB is targeting to complete this project by June 2029, however delay in approval of IGCEP is affecting the project development.

Athmuqam Hydropower Project

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

Salient features of project are as follows:

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

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year:

- Processing of Feasibility Stage-1 Tariff Proposal by CPPAG (subject to IGCEP approval by NEPRA).

Current Status:

PPIB is targeting to complete this project by December 2029, however delay in approval of IGCEP is affecting the project development.

Turtonas-Uzghor Hydropower Project

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

Salient features of project are as follows:

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

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year.

- Feasibility Stage Tariff approval by NEPRA.
- Inclusion in IGCEP as committed Project
- Issuance of LOS by PPIB.

Current Status:

The Project Company is of the view that NEPRA has awarded tariff for the project on one part tariff regime (Take and Pay) in contrast to tariff regime provided in the Power Generation Policy 2015. The Project Company showed its concern on the Authority's decision and filed review Petition to NEPRA. Delay in approval of IGCEP is also adversely affecting the project development process. However, PPIB is targeting to complete this project by December 2029.

Riali – II Small Hydropower Project

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

Salient features of project are as follows:

Sponsors:	Sachal Engineering Works (Pvt.) Ltd, Pakistan
Location:	Ghori Wala Katha, Muzaffarabad, Azad Jammu & Kashmir
Capacity:	7.08 MW
Applicable Policy	2015

Key milestones achieved:

Issuance of LOI:	26.04.2004
Approval of Feasibility Study:	09.11.2016
EPC Stage tariff Determined by NEPRA:	20.11.2018
Approval of PPIB Board for issuance of LOS:	06.05.2019
Issuance of LOS (Tripartite LOS) by PPIB:	16.10.2019

Current Status:

After CPPA-G consent was issued on 26th May 2017 for purchase of power, Transmission Line Study has been completed and submitted to PESCO for approval/endorsement. Sponsors have already started construction at project site with their equity share. Sponsors are in the process of achieving Financial Close and execution of project agreements etc., under the LOS.

Kathai – II Small Hydropower Project

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

Salient features of project are as follows:

Sponsors:	M/s JDW Sugar Mills Ltd, Pakistan
Location:	Upstream of existing Kathai-I Hydropower Station on Kathai Nullah, District Hattain, Azad Jammu & Kashmir Ghori Wala Katha, Muzaffarabad, Azad Jammu & Kashmir
Capacity:	8.0 MW
Applicable Policy	2015

Key milestones achieved:

Issuance of LOI by GoAJ&K	06.06.2012
Approval of Feasibility Study:	09.11.2016
EPC Stage tariff Determined by NEPRA:	22.11.2018
Approval of PPIB Board for issuance of LOS:	06.05.2019
Issuance of LOS (Tripartite LOS) by PPIB:	20.11.2019
Amendment No.1 to TLOS (Extension in LOS):	18 .06. 2021

Major Activities Planned for Next Fiscal Year:

Execution of Security Agreements

Acquisition of Land

Approval of Term Sheet and Execution of Financing

Current Status:

Sponsors are in the process of achieving the Financial Close and execution of project agreements etc., under the LOS. PPIB is targeting to complete this project by April 2024.

Ashkot Hydropower Project

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

The Ashkot Hydropower Project is on hold due to delay in approval of IGECP by NEPRA. Once project is included in IGCEP and thereafter, it is approved by the NPERA, the PPIB would be able to further process this project. The Project entails Foreign Direct Investment of around US$ 600 Million with the capacity of generating energy upto approximately 1263 GWh per annum.

Implementation of Coal Based IPPs

Implementation of Coal Based IPPs

The government of Pakistan is encouraging indigenous resources for power generation. Therefore, PPIB is focusing on boosting the indigenous fuel resources and diversifying the then prevailing energy mix while ensuring reliable and affordable generation of electricity. Thar coal, the abundant and untapped indigenous natural resource lying dormant under the desert sands quickly became priority choice for power generation, however, initial studies and consultation conducted at different fronts suggested extended timelines before the first Thar coal mine and associated power plant could be materialized.

Limited by options and the urgency of the stringent task at hand, short term option of establishing power plants based on imported coal with possibility of blending Thar coal upon its commercial availability was considered viable to meet the country's immediate electricity shortfall and to serve as a reliable base load solution. The second phase called for promoting Thar coal based power plants fixated in medium to long term plans.

Undoubtedly, imported coal plants have proved useful in bringing in the required technology in the country, thus working as a catalyst to develop local coal based projects, furthermore, they have built the capacity of native human capital of the country for managing Thar coal supply chain and its utilization for power generation in future. The imported coal plants utilized super critical technology with state of the art intervention systems. This shall ensure mitigation of hazardous coal emissions like NOX and SO/ while adhering to strict criterion set by World Bank and achieving values much below the local National Environmental Quality Standard.

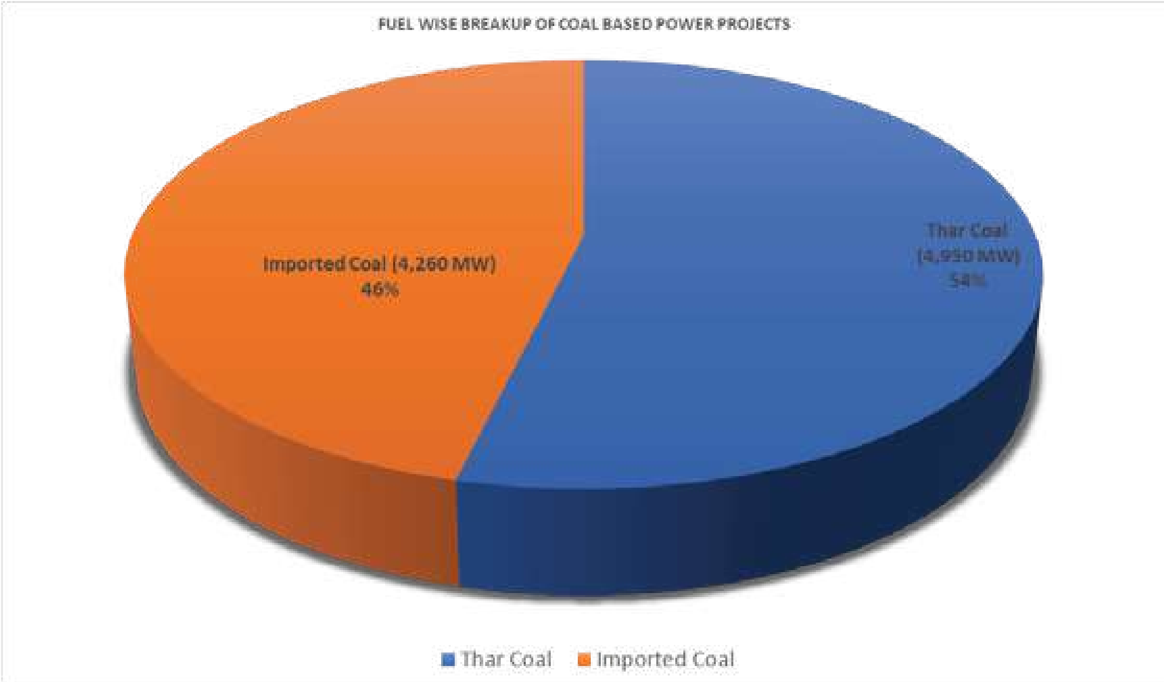
PPIB being the lead organization for development of private sector power projects is now overseeing eleven (11) coal based power projects in the private sector with a total capacity of 9,210 MW. Nine (9) coal-based power projects having capacity of 8,220 MW are in the list of Priority Projects of China Pakistan Economic Corridor (CPEC).

Brief details of coal based power projects are as follows:

Sr. No.	Project Name	Capacity (MW)	Location	Brief Status
Imported Coal Power Projects				
1	Port Qasim Coal Project	1,320	Port Qasim, Karachi, Sindh	Commissioned
2	Sahiwal Coal Power Project	1,320	Qadarabad, Sahiwal	Commissioned
3	HUBCO Coal based Power Project	1,320	Hub, Balochistan	Commissioned
4	Gwadar Coal based Power Project	300	Gwadar, Balochistan	FC in progress
Total Imported Coal		**4,260**		
Local Coal Power Projects				
5	Engro Thar Coal Power Project	660	Thar Block - II, Sindh	Commissioned
6	ThalNova Coal based Power Project	330	Thar Block-II Sindh	FC achieved construction is in Progress
7	Hubco Thar coal Power Project	330	Thar Block-II Sindh	FC achieved construction is in Progress
8	Shanghai Electric Coal Power Project	1,320	Thar Block - I, Sindh	FC in progress
9	Lucky Electric Coal Power Project	660	Port Qasim, Karachi	FC achieved, Construction in Process
10	Siddiqsons Energy Limited Coal Power Project	330	Thar Block-II, Sindh	FC in progress
11	Oracle Coal Power Project	1,320	Thar Block-VI, Sindh	Proposal under evaluation
Total Local Coal		**4,950**		
TOTAL		**9,210**		

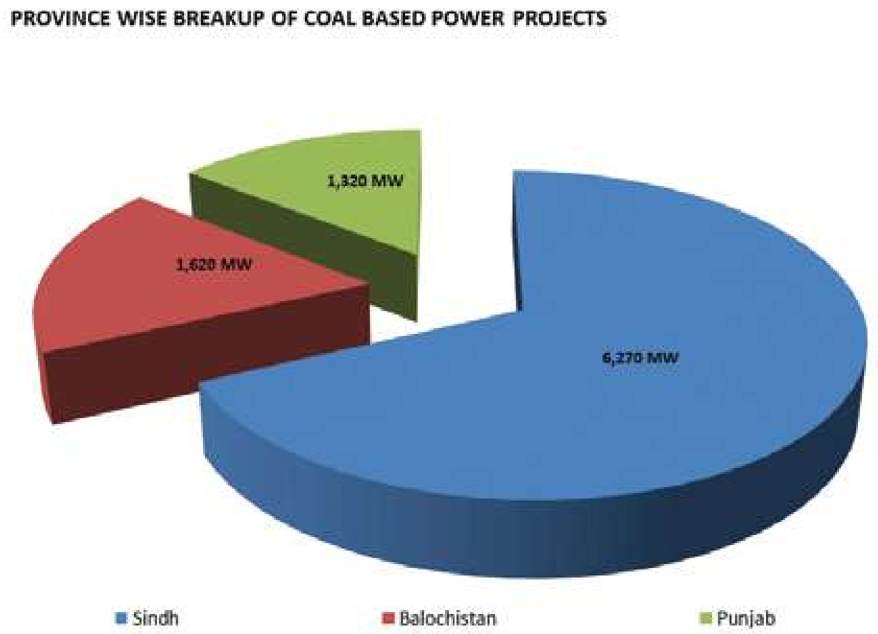
With an exhaustive and enthusiastic endeavours of PPIB and help of all stakeholders beginning from the Power Division, federal & provincial entities and CPEC Secretariat, four coal-based power projects in private sector (1320 MW Sahiwal,Punjab and 1320 MW at Port Qasim Karachi,Sindh 1320 Hub, Balochistan , 660 MW Thar, Sindh) under the CPEC regime have accomplished commercial operation and are providing reliable and affordable electric power to the national grid. These four (04) projects with a cumulative capacity 4,620 MW have been commissioned as Independent Power Producers (IPPs) under China Pakistan Economic Corridor (CPEC) regime.

Currently, the share of coal power generation has increased to 12.8% in total installed capacity, which was negligible a few years ago These projects are commissioned from year 2017 through 2019 and supplying reliable power to the National Grid.



Additionally, five (05) more projects (1 on imported coal and four on Thar Coal), with a cumulative capacity of 2,610 MW are planned to be commissioned up to year 2023. Nevertheless, PPIB is actively working to improve the share of indigenous coal based electricity in the overall energy mix of the country. Through PPIB's efforts in recent years, a long-awaited dream of exploiting local Thar Coal is being realized by planning efficient coal power plants based on Thar coal and one of them is supplying reliable power to the national grid since 2019.

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



During FY 2020-21, total 28,000.78 GWh electricity has been generated using coal as compared to 25,966.25 GWh during FY 2019-20 showing an increase of 2,034.53 GWh. The coal based electricity generation included 27,547.78 GWh in CPPA-G area and 453 GWh in KE area. The share of coal based electricity generation in total thermal generation during FY 2020-21 remained 31.59% while the share of the same during FY 2018-19 and FY 2019-20 was 18.71% and 32.13% respectively.

A brief account of all coal projects (commissioned and under process) is in the following pages:

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

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

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	21.05.2014
Issuance of LOS:	17.04.2015
FC Date:	22.12.2015
Commissioning Date:	25.04.2018

Current Status:

The plant is fully functional and supplying reliable power to the national grid while maintaining strict compliance with the national and international environmental standards. The IPP is presently 5th in the NTDC's merit order list.

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

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

For the purpose of coal unloading, berths have been constructed at Marginal Wharf 3 & 4 at Port Qasim, Karachi. This facility is being used for coal handling of the subject project, which is transferred to project site through special railway track arrangements. This project has also resulted in substantial revenue generation for Pakistan Railways.

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	21.05.2014
Issuance of LOS:	17.04.2015
FC Date:	23.01.2017
Commissioning Date:	28.10.2017

Current Status:

The project is supplying electricity to the national grid since July 2018, and is complying with all international and national environmental standards. Presently, the project is 28th in the NTDC's merit order list. Being in the load center of central Punjab, the Project is feeding the national grid by meeting load requirements of central Punjab with minimum line losses.

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

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

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	29.06.2015
Issuance of LOS:	12.04.2016
Signing date of PPA:	25.01.2017
Signing date of IA:	25.01.2017
FC Date:	07.12.2017
COD:	17.08.2019

Current Status:

The 1320 MW imported Coal Power Project has achieved its Commercial Operations Date on 17th August 2019, and it is presently 6th in NTDC's merit order list. For import of coal, the project company has constructed a dedicated, self-use jetty. This facility includes coal-unloading Jetty, approach bridge, and associated auxiliary facilities which may also be used for other purposes in the future.

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

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

Salient features of project are as follows:

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

Key milestones achieved:

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

Current Status:

Project is targeted to be completed by mid of 2023, however, it is facing delays in project financing and Financial Closing due to Sinosure's reluctance to insure the Project, mainly due to large overdue payments to CPEC IPPs, and delays in opening of revolving accounts by GOP. PPIB is coordinating with all concerned stakeholders and project sponsors for settlement of all pending issues as soon as possible.

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

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

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	20.11.2014
Issuance of LOS:	17.04.2015
FC Date:	04.04.2016
Commissioning Date:	10.07.2019

Current Status:

Engro Power project is a pioneering project in generating electricity using indigenous lignite coal from the Tharparkar district. After achieving COD on 10th July 2019, this project is now connected with the national grid and supplying cheap and reliable power to the Country. It is presently 3rd in NTDC's merit order list.

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

Hub Power Company Limited having its well-known track record for developing various IPPs in Pakistan has now invested in developing a 330 MW mine mouth lignite coal power project at Thar Block-II. The Project is being jointly sponsored by M/s HUB Power Company Limited, Fauji Fertilizer Limited and China Machinery and Engineering Corporation under the China-Pakistan Economic Corridor (CPEC) framework. The total cost of the Project is US$ 497 million while China Development Bank and Habib Bank Limited are the lead lenders. This important project is included in Priority projects of CPEC to be connected through +660 kV Matiari-Lahore HVDC Transmission line.

Salient features of project are as follows:

Project Company:	Thar Energy Limited
Sponsors:	Hub Power Company Limited, HBL, CDB, BAFL
Location:	Thar Block-II, Sindh
Capacity:	330 MW
Project Cost:	US$ 497.7 million
Tariff:	Rs. 8.2550/KWh
Applicable Policy	2015

Key milestones achieved:

Issuance of LOI:	02.08.2016
Issuance of LOS:	09.12.2016
FC Date:	30.01.2020

Current Status:

The project is set to be completed by March 2022. The project construction was hampered due to outbreak of COVID-19 and COD therefore was delayed. Now the construction activities at site are at full swing.

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

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

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	02.08.2016
Issuance of LOS:	08.12.2016
Financial Closing:	30.09.2020

Current Status:

The project is set to be completed by June 2022. The project construction was hampered due to outbreak of COVID-19 and therefore COD was delayed. Now the construction activities at site are at full swing with more than 45% construction work completed. However, project faced delays in earlier target of achieving COD of March 2021, due to different factors like outbreak of COVID-19 pandemic, Sinosure reluctance to insure, macroeconomic situation and delays in coal availability. PPIB as facilitator played its role for earliest resolution of issues and the Project achieved its Financial Closing in September 2020.

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

This project is based on Thar Coalfields Block-I. M/s Shanghai Electric Group has rich experience in the field of power generation. After forming an SPV namely Thar Coal Block-I Power Generation Co. Ltd.(TCB-1), the sponsors are developing this 1320 MW power generation project. Sino Sindh Recourses Limited (SSRL) being a mine developer is the coal supplier for the project. This project is also included in the Priority List of CPEC projects. The project amongst others will be connected to the national grid through ±600 kV Matiari-Lahore HVDC Transmission line. This is the 1st Thar based power project designed on Super Critical Technology.

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	21.08.2015
Issuance of LOS:	20.07.2016

Current Status:

After issuance of LOS by PPIB, the project is progressing towards Financial Closing. Implementation and Power Purchase Agreements have been executed with PPIB and CPPA-G while Water Use Agreement has also been executed with the Government of Sindh. Despite problems in financing from Chinese side, the Project is in final stages of Financial Closing which is expected to be achieved in the last quarter of 2021. The sponsors are trying their best to achieve COD by May 2022 by injecting equity in the project prior to Financial Closing. The project is 55% completed.

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

Lucky Group is actively developing the project with the support and guidance of PPIB. The Project was initially issued Letter of Support in June 2015 for developing the 660 MW Power Project at Port Qasim based on imported coal. However, in accordance with the directions of PPIB Board to reduce dependence on imported coal, M/s Lucky Electric Power Company Limited agreed to develop the Project on Thar Coal. Accordingly, the Project was converted to local Thar coal on the same site (Port Qasim), through an amendment in LOS. The Project will utilize coal from Phase 3 of Thar Block II. Lucky would be a model project in a way that it will use Thar coal but will be located in Port Qasim, Karachi. It is unique in its nature as it is the 1st ever project designed on ultra-super critical technology based on Thar coal. This project clears the myths of transportability of Thar coal as well as suspicious quality of Thar coal, and will pave ways for further development of Thar Coal.

Salient features of project are as follows:

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

Key milestones achieved:

Issuance of LOI:	11.02.2015
Issuance of LOS:	08.06.2015
FC Date:	25.06.2018

Current Status:

The Project has completed 99% work at site; however due to delay in interconnection facilities, the project is expected to start commercial operations by end of 2021 upon completion of transmission and interconnection facilities.

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

Initially the project was based on imported coal with a capacity of 350 MW, however after the directives of PPIB Board to decrease the dependency of imported fuels, M/s. Siddiqsons Energy Limited agreed to convert imported coal based power project to local Thar coal. Subsequently, the location of the project shifted from Port Qasim, Karachi to Thar Block-II, Sindh. The Project has accepted revised upfront Thar coal tariff by NEPRA

Salient features of project are as follows:

Project Company:	Siddiqsons Energy Limited
Sponsors:	Siddiqsons Limited, Harbin Electric International Co. Ltd.
Location:	Thar Block-II
Capacity:	330 MW
Project Cost:	US$ 410.29 million
Tariff:	Rs. 7.7023/KWh
Applicable Policy	2015

Key milestones achieved:

Issuance of LOI:	13.02.2015
Issuance of LOS:	31.08.2015
Signing date of PPA:	07.03.2018
Signing date of IA:	08.03.2018

Current Status:

Company has signed IA and PPA with PPIB and CPPA-G respectively, and also executed Water Use Agreement with Government of Sindh. The Project is facing delays towards achievement in Financial Closing which is now expected by end of 2021. Construction is expected to start upon Financial Closing and sponsors are targeting completion in 26 months after Financial Closing.

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

This 1,320 MW Mine Mouth Coal Fired project is being developed by Oracle Coalfields PLC, a UK based company and will utilize coal from Thar Block-VI. The project is included in Priority Projects under the CPEC. The Sponsors submitted their revised proposal on 24th March 2020 pursuant to section 6.3 (v) as a designated project covered under bilateral agreements between GOP and foreign governments. The proposal is presently under evaluation and the NTP/LOI shall be issued after approvals from ECC of the Cabinet and JCC & JEWG of the CPEC.

Implementation of Thermal IPPs

Implementation of Thermal IPPs

Due to significant increase in electricity demand, both state-owned companies and IPPs are making efforts for electricity productions inspite of different challenges like circular debt. The 'circular debt' in Pakistan's energy supply chain which refers to the cash flow shortfall incurred in the power sector from the delayed/non-payment of obligations by consumers, distribution companies and the government has continued to grow in size over the years, rising from 1.6 percent of GDP (Rs161billion) in 2008, to 5.2 percent of GDP (Rs 2,150 billion) in June 2020. However, the present government has given prime importance to resolve this issue and working on various options to reduce circular debt.

With regards to thermal, PPIB has been administrating 17 Thermal (Oil and Gas/R-LNG) based power projects with a cumulative capacity of 7,832 MW under 2002 and 2015 Power Policies. Out of these, sixteen power projects have successfully been operating while one project is under construction. PPIB is managing the matters related to these projects and has addressed many issues.

Gas Depletion Mitigation Plan / Option

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

Due to insufficient supply of permeate gas, EPQL started declaring its availability on Dual Fuel (Permeate Gas and HSD), while concurrently working on a long term viable solution to mitigate the effects of gas depletion under provisions of the Implementation Agreement (IA). In this regard, EPQL earlier submitted a Draft Gas Depletion Mitigation Plan (Draft GDMP) proposing various options including Plant conversion to RFO; using R-LNG with Permeate Gas; gas supply from Sara-West Field; Status Quo (using Permeate Gas and HSD). EPQL submitted updated draft of GDMP in September 2020 and in March 2021 and it was unanimously agreed among all stakeholders that technically and commercially, R-LNG is the most viable Gas Depletion Mitigation Option (GDMO) for the remaining term of the Project (due to its lowest CAPEX, sufficient availability, easy commingling with Permeate Gas which otherwise would be flared, thus unutilized).

Privatization of Two NPPMCL R-LNG based IPPs

The privatization of two R-LNG based IPPs by NPPMCL i.e. 1230 MW Power Project at Haveli Bahadur Shah and 1223 MW Power Project at Balloki, district Kasur is under process through Privatization Commission (PC). PPIB is in coordination with PC in this respect and providing it the requisite support.

New Projects

Certain new proposals based on gas from dedicated gas-fields have been proposed by relevant E&P companies, under 2015 Power Policy provisions, which are being processed by PPIB. These include 20 MW Hatim Power Project by Pakistan Petroleum Limited (PPL). PPL proposed a 20 MW Combined Cycle Power Plant based on indigenous gas from Hatim filed in district Sanghar, Sindh. The Project has been considered as a candidate project, in the draft Indicative Generation Capacity Expansion Plan (IGCEP) 2047 submitted by NTDC to NEPRA.

A brief account of projects is as follows:

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

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

Salient features of project are as follows:

Project Company:	Punjab Thermal Power (Pvt.) Limited
Sponsors:	Energy Department Government of Punjab
Location:	Trimmu, District Jhang, Punjab
Capacity:	1263 MW
Project Cost	USD 707.759 million
Levelized Tariff	US Cents 6.54 / kWh
Applicable Policy	2015

Key milestones achieved:

Issuance of LOI:	26.07.2017
Issuance of LOS:	26.01.2018
Signing of PPA:	22.06.2020
Signing of IA:	26.06.2020
Signing of GSA:	21.08.2020
FC Date:	23.04.2021
Expected Commissioning Date:	First Quarter of 2022

Current Status:

The Project is at an advanced stage of development with over 80% construction works completed. However, due to delays in execution of Project Agreements, non-execution / initiation of various activities and COVID-19 lock down adverse implications, PTPL requested extension in FC Date till 24th April 2021 which was approved by the PPIB Board. Subsequently, Power Purchase Agreement (PPA), Implementation Agreement (IA) and Gas Supply Agreement (GSA) have been signed and PTPL successfully achieved the Financial Closing in April 2021. Moreover, the 220 kV transmission line for power evacuation has already been completed by NTDC. The Project is expected to achieve COD in first quarter of 2022.

Gas based Combined Cycle Power Plant near Ghotki, Sindh by M/s Engro Power Gen Qadirpur Limited

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

Salient features of project are as follows:

Project Company:	Engro Powergen Qadirpur Limited
Sponsors:	Engro Chemical Pakistan Ltd; IFC
Location:	Qadirpur, District Ghotki, Sindh
Capacity:	226.5 MW
Project Cost	USD 204.6 million
Levelized Tariff (PG)	US Cents 6.208 / kWh
Levelized Tariff (HSD)	US Cents 14.754 / kWh
Applicable Policy	2015

Key milestones achieved:

IIssuance of LOI:	06.01.2006
Issuance of LOS:	10.08.2007
Signing of PPA:	26.10.2007
Signing of IA:	29.10.2007
Signing of GSA:	22.04.2008
FC Date:	30.04.2008
Commissioning Date:	27.03.2007

Current Status:

Due to insufficient supply of permeate gas, EPQL started declaring its availability on Dual Fuel (Permeate Gas and HSD), while concurrently working on a long term viable solution to mitigate the effects of gas depletion under provisions of the Implementation Agreement (IA). EPQL earlier submitted a Draft Gas Depletion Mitigation Plan (Draft GDMP) proposing various options including Plant conversion to RFO; using R-LNG with Permeate Gas; gas supply from Sara-West Field; Status Quo (using Permeate Gas and HSD). The GDMP was updated by EPQL in September 2020 after incorporating the stakeholders' inputs.

The GDMP has been discussed by the stakeholders in a number of meetings and the estimated CAPEX (for using R-LNG with Permeate Gas) is reduced from $13 Million to $6.1 Million after discussions with EPQL. In the stakeholders meeting on 16th March 2021, it was unanimously agreed that R-LNG is the most viable Gas Depletion Mitigation Option (GDMO) for the remaining term of the Project (due to its lowest CAPEX, sufficient availability, easy commingling with Permeate Gas which otherwise would be flared, thus unutilized). It is also decided that GOP approval for R-LNG notification as Designated Mitigation Option will be sought and Capex / Cost allocation will be decided by NEPRA in Supplemental Tariff as per the provisions of IA.

Development of Transmission Line Projects

A reliable transmission system plays vital role in an efficient and stable power system. Historically, Pakistan's transmission sector has been funded through public resources. Realizing that the required transmission infrastructure expansions owing to large capacity additions in the electrical generation systems would entail huge investments, the Government of Pakistan introduced "Policy Framework for Private Sector Transmission Line Projects" (the Transmission Line Policy 2015), with the objective to attract private sector investment for augmentation of transmission network in the country for transmitting electricity from upcoming power projects to the load centers.

The Transmission Line Policy 2015 provides for development / implementation of AC and DC Extra High Voltage (EHV) Overhead Power Transmission Lines, Substations (SS) / Grid Stations (GS) or Convertor Stations (CS) on Build, Own, Operate & Transfer (BOOT) basis by private independent transmission companies (ITCs) through International Competitive Bidding (ICB). It features shortened, simplified and well aligned procedures of international standards coupled with a set of concessions and incentives through one window facilitation of PPIB.

Pursuant to the provisions of Transmission Policy 2015, the first private sector transmission line project i.e. ±660 kV Matiari-Lahore HVDC Transmission Line Project was initiated under the Framework of CPEC. This project is meant to serve as a reliable means to evacuate power from power generation facilities including nuclear and imported / local coal-based power plants being established in southern parts of Pakistan, and is yet another example of PPIB's vital role in private sector resource mobilization for power generation and transmission infrastructure projects.

A brief background and salient features of Matiari-Lahore Transmission Line Project are as follow:

±660 KV MATIARI – LAHORE HVDC TRANSMISSION PROJECT

PPIB issued Letter of Support (LOS) to first ever ±660 kV Matiari – Lahore Transmission Line Project (the Project) (approximately 886 km) which entails foreign investment of US$ 1.658 Billion. The Project has been processed under China-Pakistan Economic Corridor (CPEC) Agreement and is first ever High Voltage Direct Current (HVDC) transmission line project in Pakistan with power transmission capability of 4,000 MW. The Project is also first ever private sector transmission line project processed by PPIB under the Transmission Line Policy 2015.

The Project is designed to have bi-pole HVDC technology, having two converter stations, one each at the ends of Matiari (interior Sindh) and Lahore, three repeater stations and two grounding electrode stations. The Project is being developed on Build-Own-Operate-Transfer (BOOT) basis and will be transferred to NTDC after a term of 25 Years.

China Electric Power Equipment & Technology Co. Ltd, (CET), a subsidiary of State Grid Corporation of China (SGCC) is the Main Sponsor of the Project and responsible for execution of the Project through a Special Purpose Company, i.e. Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC). The Project Company after acquiring necessary approvals from NEPRA, NTDC, PPIB and other relevant GOP entities, started construction of the Project on 1st December 2018 and is now at advance stage of testing and commissioning. Despite outbreak of Coronavirus epidemic (COVID-19), the project activities continued with full pace and till end June 2021, the Project had achieved substantial progress of around 99% and is fully geared up to achieve commercial operations by 1st September 2021. The Project has already started transmitting electricity on the dispatch instructions of NTDC/NPCC during the Pre-COD period (till 31st August 2021) as per arrangement agreed between PMLTC and NTDC. The Project is an evidence to PPIB's contributions in enhancing transmission capacity and stability of the National Grid through private sector participation.

±660 KV Matiari-Lahore Transmission Project

Main Sponsor	:	China Electric Power Equipment & Technology Co. Ltd, (CET), a subsidiary of State Grid Corporation of China (SGCC)
Execution through	:	Special Purpose Company, i.e. Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC)
Project Investment	:	US$ 1.658 Billion
Timelines:		
Construction start	:	1st December 2018
Low Power Test Completion:		17th March 2021
High Power Test Completion:		5th June 2021

Current Status:

The Project had achieved substantial progress of around 99% and is expected to achieve commercial operations by 1st September 2021.

Implementation of Transmission Line Project(s) in Private Sector under Transmission Line Policy 2015

Considering that large number of transmission lines will have to be added in the national transmission system and public sector is already overburdened, PPIB has been continuously pursuing various GOP entities / organizations including Planning Commission & NTDC for providing a list of suitable transmission projects for implementation through private sector. Various relevant international donor agencies like USAID & IFC have also been contacted to seek financial / technical assistance for accomplishment of this objective.

Earlier, PPIB Board directed to initiate the process of inviting Expression of Interest (EOI) and to hire the required consultancy/advisory expertise for conduct of first ICB for Transmission Line, SS / GS or Converter Station (CS) Projects for devising whole framework including EOI, RFP and Security Package Documents - SPD (comprising IA, TSA, O&M, LLA, etc.) in collaboration with NTDC. The Board also advised PPIB to arrange funds for the required services / assignments either through PSDP or its own resources. Accordingly, Planning Commission was requested to arrange a list of doable candidate projects, supported by relevant information / data / studies from NTDC. PPIB has also solicited support of Planning Commission in arrangement of funds for the intended transaction and related activities thereto, through PSDP allocation or any other appropriate source. Due to non-availability of funds through PSDP (2020-21), PPIB was advised to coordinate with NTDC for provision of list of doable candidate transmission line projects, in order to initiate first round of ICB for which PPIB is following up with NTDC.

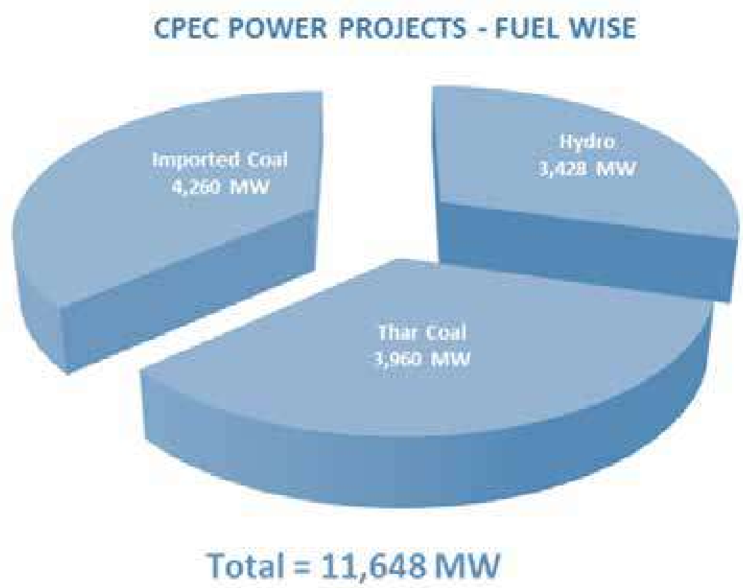
NTDC is required to share the aforesaid list of transmission projects supported by relevant information / data / studies, as per provisions of the Transmission Line Policy 2015. As soon as NTDC would firm up system requirements for future transmission projects including those suitable for implementation through private sector, PPIB would initiate ICB(s) for award of these projects, in collaboration with other stakeholders.

CPEC Energy Chapter

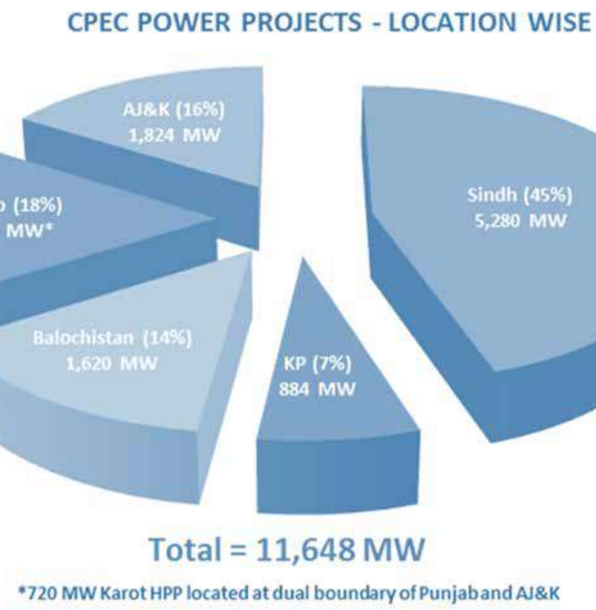
CPEC Energy Chapter

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

With particular reference to the energy chapter, projects based on indigenous Thar coal, renewable hydro and imported coal, these projects are being prioritized under two categories which include "Priority Projects" and "Actively Promoted Projects". According to CPEC agreement signed in November 2014, projects of more than 17,000 MW were planned to be implemented through PPIB and AEDB out of which, currently, PPIB is handling thirteen (13) power generation projects comprising hydro, Thar coal and imported coal and in addition to power generation projects, an HVDC Transmission Line Project.

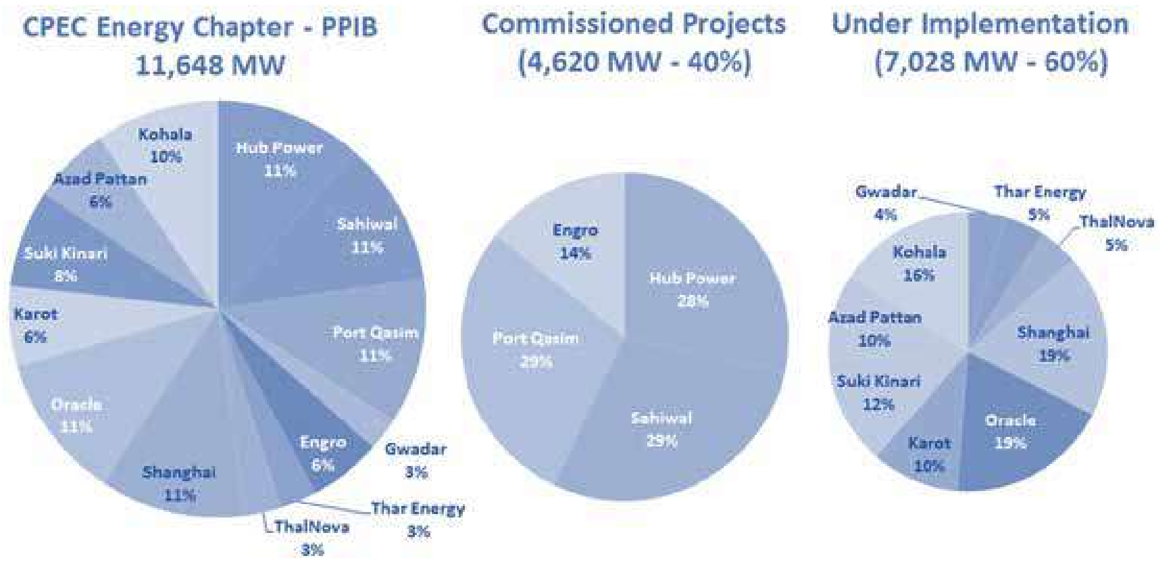


These projects are located all over the country including AJ&K. Location wise detail is given in the chart below:



Total investment outlay of twenty energy and one transmission line projects being processed by PPIB under CPEC amounts to around US$ 21 billion which is a huge investment considering the fact that this has been made in a single sector of Pakistan's economy. The FY-20 was another productive year for CPEC based power generation and transmission line projects, as despite the outbreak of COVID-19 Pandemic, majority of the projects picked momentum in accomplishing various milestones. However, some marginal variations in timelines of advance stage projects are anticipated due to which COD schedule of few projects may be delayed marginally.

The portfolio of CPEC comprising of 13 power generation and one transmission line projects has received significant progress within a period of 3-4 years, due to fast-track processing by PPIB. Coal based energy chapter of CPEC is expected to be concluded by end 2023 while hydropower projects being different in nature and involving more complicated and time consuming activities as compared to traditional thermal power generation projects would go beyond 2023. These include 1124 MW Kohala and 700 MW Azad Pattan projects. With exhaustive and enthusiastic endeavors of PPIB and help of all stakeholders including the Power Division, federal & provincial entities and CPEC Secretariat, four (4) coal based power projects (3 x imported coal based projects of 3,960 MW and 1 x Thar coal based project of 660 MW) totaling 4,620 MW have been commissioned. In addition to four commissioned IPPs, another nine IPPs are under processing out of which 8 IPPs are at advance stages of development.



Brief status of projects under CPEC as on 30th June 2021 is depicted, in the below table:

Sr. No.	Project	Capacity (MW)	Location	Financial Outlay/Project cost US$ M	% age Const. Completion	Target Date (COD)	Current Status
COAL							
1	Sahiwal Coal Power Project	1320	Sahiwal, Punjab	1912.2	100%	28 Oct 17	Commissioned on 28th Oct 2017
2	Port Qasim Coal Power Project	1320	Port Qasim, Sindh	1912.2	100%	25 Apr 18	Commissioned on 25th April 2018
3	Engro Thar Coal Power & Mine Project	660	Thar Block-II, Sindh	995.40	100%	04 Jun 19	Commissioned on 10th July 2019
4	HUBCO Coal Power Project	1320	Hub, Balochistan	1912.2	100%	17 Aug 19	Commissioned on 17th August 2019

Sr. No.	Project	Capacity (MW)	Location	Financial Outlay/Project cost US$ M	% age Const. Completion	Target Date (COD)	Current Status
5	Shanghai Electric (TCB-1)	1320	Thar Block-I, Sindh	1912.2	-	1 Aug 21	Under FC, deadline 30th September 2020
6	HUBCO Thar Coal Power Project (Thar Energy)	330	Thar Block-II, Sindh	497.70	-	31 Mar 21	Under Construction, FC achieved on 30th Jan 2020
7	ThalNova Thar Coal Power Project	330	Thar Block-II, Sindh	497.70	-	31 Mar 21	Under Construction, FC achieved on 30th Sep 2020
8	Gwadar Coal Project	300	Gwadar, Balochistan	400	-	-	LOS Issued, FC in Progress, Last Quarter of 2022
9	Thar Electricity (Oracle) Coal vProject	1320	Thar Block-VI, Sindh	1,912.2	-	-	LOI approved by PPIB Board, subject to JCC approval for Capacity and Shareholding Structure change + NOC by NTDC and CPPAG
TOTAL COAL		8,220		11951.8			

Sr. No.	Project	Capacity (MW)	Location	Financial Outlay/Project cost US$ M	% age Const. Completion	Target Date (COD)	Current Status
HYDEL							
10	Karot Hydropower Project	720	River Jhelum, Punjab *	1698	80%	Dec 21	Under construction; COD Dec 2021
11	Suki Kinari Hydropower Project	884	Kagan, River Kunhar, KP	1962.667	50	Dec-22	Under construction; COD Dec 2022
12	Kohala Hydropower Project	1124	River Jhelum, AJ&K	2408	-	Dec-27	Under FC;: Expected COD deadline Dec 2027
13	Azad Pattan Hydropower Project	700	Jhelum River, Sudhnoti, AJ&K	1350		Sep-27	Under FC;: Expected COD deadline Sep 2027
TOTAL HYDEL		2,728 MW		7,418.667			
GRAND TOTAL		11,648					

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

Future Plans and Targets

Future Plans and Targets

PPIB is actively working to improve the share of indigenous coal and renewable hydro based electricity in the overall energy mix of the country. PPIB has managed to form a portfolio of ongoing projects which is largely dominated by hydro and Thar Coal. Summary of ongoing power generation and transmission line projects targeted to be completed during next three years i.e. 2021-23 is as follows:

Year	Hydro (MW)	Thar Coal (MW)	Imported Coal (MW)	RLNG (MW)	Total (MW)
2021	720	660	-	800*	2180
± 660 kv Matiari-Lahore HVDC Transmission Line Project having transmission Capacity Of 4,000 MW is targeted to be completed by September 2021.					
2022	884	1980	-	463*	3327
2023	708	330	300	-	637
Grand Total	**1,611**	**2,970**	**300**	**1,263**	**6,144**

1,263 MW RLNG based PTPL project is targeted to come online in open cycle mode (800 MW) by October, 2021 while ll project of 1,262 MW (in combined cycle mode) by June, 2022.

Pursuant to CTBCM detailed design, PPIB would play an important role of Independent Auction Administrator (IAA). PPIB has constituted a dedicated Market Implementation Group (MIG) of its professionals which is working on achieving the tasks assigned to PPIB under NEPRA's CTBCM determination.

As explained in previous paras, the Government of Pakistan is emphasizing development of hydro potential to produce indigenous clean, green and affordable electricity. In this regard, under the agreement signed with Agence Française De Développement (AFD), AFD would be supporting PPIB for improvement of expertise and for implementation of hydropower projects more efficiently. In this regard, selection of consultant for the assignment pertaining to developing mechanism for tariff based bidding & review of feasibility studies for hydropower projects is in progress.

As elaborated in previous chapters, a large number of transmission lines are envisaged to be added into the transmission network, private sector participation in implementing new transmission projects would be imminent. PPIB is also in liaison with NTDC to arrange a list of doable candidate transmission line projects. Upon receipt of the list and finalization of framework/ RFP/Security Package for transmission projects, PPIB would initiate the process of International Competitive Bidding (ICB) in consultation with all key stakeholders.

PPIB is planning to advertise new hydro based IPPs under ICB mode in accordance with the findings of IGCEP study. Similarly, PPIB is aiming to undertake more small hydropower projects under TLOS regime so that share of hydro based electricity is increased in the overall energy-mix of country.

The GoP, in order to improve indicators of ease of doing business in the energy sector, decided to merge Alternative Energy Development Board and PPIB. After merger the power projects of all technologies, including alternative and renewable energy projects shall be processed at one doorstep.

Feasibility Study for conversion of Imported Coal Power Plants to Thar Coal

Three imported coal-based power projects with a cumulative capacity of 3,960 MW were implemented under CPEC regime, namely;

i. 1320 MW Sahiwal Coal Power project by Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited (HSREL) located at Sahiwal, Punjab, Pakistan

ii. 1320 MW Port Qasim Coal Power Project by Port Qasim Electric Power Company Limited (PQEPCL) located at Port Qasim, Sindh, Pakistan

iii. 1320 MW Hub Coal Project by China Power Hub Generation Power Generation (CPHGC), located at Hub, Balochistan, Pakistan

Importing coal increases dependency on other countries and drains huge amount of foreign exchange reserves. Pakistan is bestowed with abundant reserves of local coal, while only Thar coalfields have estimated quantity of 175 billion tons which is capable of generating approximately 50,000 MW for around 100 years. According to IGCEP 2021 coal power projects based on Thar coal are envisaged to be dispatched beyond 75% in the coming years being the cheapest option in conventional fuel based IPPs. In view of the above, PPIB has been tasked to conduct a feasibility study for conversion of all three commissioned imported coal power projects to Thar coal. Through concerted efforts of all concerned stakeholders (including the three commissioned IPPs), PPIB is in the process of preparation of Request for Proposals (RFP) for finalization of the Consultant to conduct a bankable feasibility study for conversion of Imported Coal Power Plants to Thar Coal.

Corporate
Brilliance

HUMAN RESOURCE MANAGEMENT

The financial year 2020-21 was a turmoil for all segments of life. HR area was the most affected area due to COVID-19 pandemic. PPIB tackled the challenge of COVID-19 pandemic very vigilantly and effectively during the year 2020-21. Necessary precautionary measures were taken to reduce the risk of exposure to COVID-19. Healthcare facilities related to COVID-19 were allowed to the employees and their dependents free of cost including laboratory tests. SOPs issued by the Federal Government were strictly followed.

Further, COVID-19 awareness campaign for its employees and general public is being effectively run by PPIB in the shape of standees installed at different locations in the PPIB offices. Employees have been encouraged to get themselves and their family members vaccinated on priority and a database on vaccinated employees/ dependents is also maintained. Furthermore, a report on the status of vaccination of PPIB employees and their dependents is sent to the GoP on weekly basis.

Recruitment, Selection and Retention:

Recruitment, selection and retention is the main function of the HRM. The policies related to this function were successfully implemented and handled at PPIB. Employees have been given market-based compensation package resultantly the employees turnover in 2020-21 was only 1% whereas four employees were hired including two employees on disable quota.

The nomenclatures of PPIB executives were changed in March 2021 with due approval of the Board of PPIB. Mix pattern of designations like Director, Sr. Manager, Manager and so on had been used. To remove this anomaly and to get better recognition, PPIB switched over to designations like Director General, Director, Joint Director and so on.

Capacity Building:

Capacity building is considered as a dynamic process and it is the top priority of PPIB, however due to COVID-19 pandemic training institutions stopped imparting trainings, hence no one could avail physical training during 2020-21. However, sessions on E-Office Project of the Government were arranged for all relevant employees. Orientation sessions were conducted for officers on Competitive Trading Bilateral Contracts Market (CTBCM) through World Bank Consultants. Furthermore, various online sessions were attended by Market Implementation Group (MIG) on CTBCM, etc.

Ergonomics:

PPIB is aware of the fact that a healthy workplace environment puts positive impact on employee motivation, happiness and efficiency. PPIB gives special emphasis on Ergonomics and provides efficient and conducive environment to all employees. A meeting hall was relocated and new hall was managed by adjusting officials in different places in appropriate manner. To encourage employees to adopt healthy life style, facility of an in-house gym has been provided which was upgraded and state-of-the-art equipment has been placed.

INFORMATION & COMMUNICATION TECHNOLOGY

As mentioned, the Covid-19 pandemic remained a hurdle for the world in discharging of official duties during 2020-21, Information and Communication technologies setup at PPIB filled the gap by making virtual presence of human resource and sharing of documents. PPIB provided all such facilities to its workforce since the beginning of Covid-19 pandemic. The on-time adaptation of technologies was a success and it soon became its official norm & preferred way of working. This not only brought financial benefits but also provided an effective and efficient way to achieve organizational goals.

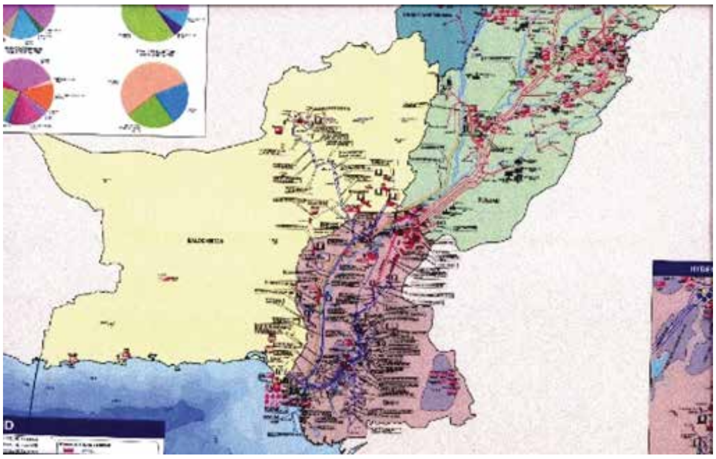
Board Meetings, HR Committee Meetings, Finance Committee Meetings and Project Committee Meetings were held online during FY 2020-21. Regularly updated Hardware & Software play vital role to enhance working efficiency and aligning the efforts of all peers. Keeping in the view Microsoft Office & Windows Operating system was updated to latest version of MS Office 2019 & Windows 10 respectively.

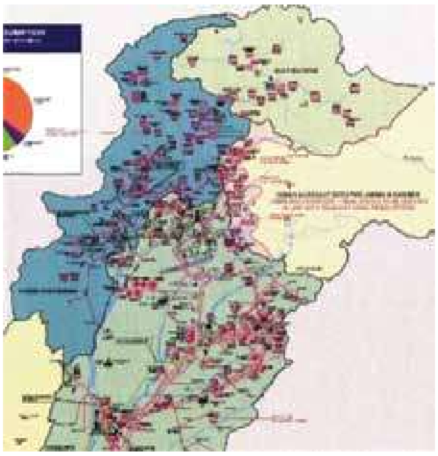
PPIB truly believes in a paperless environment. Realizing the sensitivity of this issue, PPIB followed the Government of Pakistan vision of paperless environment. In line with the aforesaid vision, E-Office is under implementation phase.

PPIB website has been revamped as per the latest best practices and has been uploaded over the internet. The new website is more responsive in all type of devices (PCs, Tablets, Mobile phones etc.), while the information remains easily accessible. The website can be accessed on the URL i.e www.ppib.gov.pk.

Ministry of Energy (Petroleum Division) compiles and consolidates the Commissioned/Up- Coming generation capacities of Pakistan and prepares an Energy map of Pakistan. PPIB played its vital role in providing the up to date data on IPPs and all other necessary inputs in this regard, while ensuring accuracy.

Database Management System is also playing a vital role in any organization. PPIB has a rich database regarding HR, Payroll, Accounts and Project Management which is constantly updated to retrieve and generate valuable reports in speedy manner to enhance working efficiency and is helpful for accurate decision making.





The consistent information through database creates an environment in which end users have concurrent and homogenous access of data. It also improves data security, data sharing, decision making, data integration, thus enhancing end-user productivity. The ubiquitous information flow is geared up by a gigabit wired LAN as well wireless connectivity of users within organization and over the internet.

Last but not the least preserving the hard record in soft form was a major task and scanning of projects' record of 1994 and 1995 policy has been completed and made available on Decision Support System (DSS).

MEDIA AND PUBLIC RELATIONS

Media and Public Relations is an essential part of maintaining and enhancing the image of any organization in the public eye, and sending a message to general public, customers and investors. PPIB believes in maintaining healthy relationship with the masses for which media plays a vital role. PPIB has always enjoyed cordial relationship with media players and the general public. The positive image of PPIB was projected widely and effectively during the year 2020-21, as a result, negative and misreporting was reduced to almost zero. PPIB, while remaining in close contact with the media friends provides real time information and updates regarding its activities regarding projects development and implementation. Such proactive approach always cuts communication gaps thus facilitating media players to report about PPIB's activities on factual grounds.

For circulating the glories mentioned throughout this Annual Report, current activities and future plans & targets of PPIB, promotional news releases / articles were published during 2020-21 which proved to be a valuable information source for investors, researchers, academia and for the general public interested in the power sector of Pakistan.

PPIB achieved various laurels and distinctions during 2020-21, and remained engaged in several important initiatives during the said period, which was duly covered by PPIB through official media teams of GoP which include PTV, PID and APP and widely circulated using different communication tools such as press releases, video footages, articles, advertisements, brochures, briefs etc. Press releases issued in English with Udru translation and with photographs were disseminated to print and electronic media

across the country while same were also posted prominently at PPIB's website for catching eyes around the globe. Likewise, ample coverage was given in the news bulletins while TV tickers were flashed on TV channels as well.

LEGAL & REGULATORY FRAMEWORK:

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

FINANCE & POLICY:

The Finance & Policy functions at PPIB are relates to Financial and Policy matters, providing facilitation to IPPs in finance related matters that includes but not limited to Project Financing, Working Capital, review of feasibilities studies, resolution of Tax Matters of IPPs as per Power Policies, support to Ministry of Energy (Power Division) in matters pertaining to power sector, preparation of various Financial Models to analyze the impact on tariffs, analyze Debt Re-Structuring and Additional Financing Requirements of IPPs from time to time, review Financial Aspects in EOI, RFP and Bidding Documents, Review Term Sheets of IPPs for achievement of Financial Closing to analyze sufficiency of funds for development of Projects and mitigate the risk matrix for GOP under the Implementation Agreement. Review and negotiate commercial and financial aspects of Implementation Agreement and various other Agreements. This Section is also responsible for ensuring compliance of various relevant power polices and also assist Ministry of Energy (Power Division) to update the Power Policy in respect of changing power market dynamics. Review proposed amendments to the sovereign agreements/guarantees and the financing terms and conditions to evaluate their impact on the tariff structure and GOP's potential liabilities.

Pictorial View of Important Events

Board Meetings

130th Board Meeting held on 04.02.2021

131st Board Meeting held on 26.03.2021

Signing of HUBCO Narowal WCDA Extension – 21.08.2020

Meeting on Oracle Power Project – 11.09.2020

Thal Nova Financial Closing – 30.09.2020

PTPL'S Financial Closing 23.04.2021

Amendment to Facilitation and Guarantee Agreement KAPCO – 21.05.2021

Design Change of Patrind HPP - 10.06.2021

Inauguration of Gym by MD PPIB – 29.09.2020

E-Office Training at PPIB 26.05.2021

AUDITED STATEMENT OF INCOME AND EXPENDITURE, BALANCE SHEET OF PPIB FOR THE YEAR 2020-21

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 2020-21 have been audited by A.F.FERGUSON & CO., Chartered Accountants are placed at Appendix-II. The auditors have issued an un-qualified report.

Appendix - I


COMMISSIONED & UP-COMING IPPs
IN PAKISTAN
LEGENDS
COMMISSIONED IPP
UP-COMING IPP
OIL
GAS
HYDRO
R-LNG
IMPORTED COAL
THAR/LOCAL COAL
CHINA
AFGHANISTAN
IRAN
INDIA
Arabian Sea
KHYBER PAKHTUNKHWA
JAMMU & KASHMIR
Disputed Territory
PUNJAB
BALOCHISTAN
SINDH
FATA
Karachi
Summary
333 MW
4972 MW
3993 MW
3960 MW
660 MW
3633 MW
6175 MW
4290 MW
300 MW
1263 MW
Total: 29579 MW
List of Projects
Commissioned IPPs – Hydropower
1. 84 MW New Bong
2. 147 MW Patrind
3. 102 MW Gulpur
Commissioned IPPs – Gas
4. 31 MW Altern
5. 157 MW Fauji Kabirwala
6. 140 MW Habibullah
7. 235 MW TNB Liberty
8. 450 MW Rousch
9. 586 MW Uch
10. 404 MW Uch-II
11. 10.5 MW Davis
12. 1638 MW KAPCO
13. 227 MW Engro
14. 229 MW Saif
15. 229 MW Orient
16. 225 MW Sapphire
17. 185 MW Fauji Daharki
18. 225 MW Halmore
Commissioned IPPs – Oil
19. 1292 MW Hub
20. 362 MW Lalpir
21. 365 MW Pak Gen
22. 136 MW Gul Ahmed
23. 120 MW Japan Power
24. 131 MW Kohinoor
25. 134 MW Saba
26. 117 MW Southern Electric
27. 126 MW Tapal
28. 165 MW Attock Gen
29. 225 MW Atlas
30. 200 MW Nishat
31. 200 MW Nishat Chunian
32. 200 MW Liberty Power
33. 220 MW HUBCO-Narowal
Commissioned IPPs – Imported Coal
34. 1320 MW Sahiwal
35. 1320 MW Port Qasim
36. 1320 MW Hub
Commissioned IPPs – R-LNG
37. 1180 MW Bhikki Project
38. 1230 MW Haveli Bahadur Shah Project
39. 1223 MW Balloki Project
Commissioned IPPs – Local/Thar Coal
40. 660 MW Engro
Upcoming IPPs – Hydropower
41. 720 MW Karot
42. 700 MW Azad Pattan
43. 640 MW Mahl
44. 132 MW Rajdhani
45. 500 MW Chakothi-Hattian
46. 450 MW Athmuqam
47. 1124 MW Kohala
48. 884 MW Suki Kinari
49. 548 MW Kaigah
50. 82 MW Turtonas-Uzghor
51. 80 MW Neckeherdim-Paur
52. 300 MW Ashkot
53. 7.08 MW Riali-II
54. 8.00 MW Kathai-II
Upcoming IPPs – Local/Thar Coal
55. 1320 MW Shanghai
56. 330 MW Thar Energy
57. 330 MW ThalNova
58. 660 MW Lucky
59. 330 MW Siddiqsons
60. 1320 MW Oracle
Upcoming IPPs – Imported Coal
61. 300 MW Gwadar
Upcoming IPPs – R-LNG
62. 1263 MW Punjab Thermal Power Project
Private Power & Infrastructure Board
Ministry of Energy
(Power Division)
Government of Pakistan

Appendix - II

Financial Statement For The Year Ended 30 June 2021

pwc

A·F·FERGUSON&Co.

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

Opinion

We have audited the financial statements of Private Power Infrastructure Board (PPIB), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, statement of other comprehensive income, statement of changes in Funds 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 June 30, 2021 and its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of PPIB 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.

Other Matter

The financial statements of PPIB for the year ended June 30, 2020, were audited by another auditor' Riaz Ahmed & Co Chartered Accountants, who expressed an unmodified opinion on those statements on January 4, 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PPIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD

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 high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

A.F.Ferguson&Co.

Chartered Accountants
Islamabad: March 13, 2024

Engagement partner: JehanZeb Amin

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020 Restated
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property and equipment	7	98,279	135,748
Intangible assets	8	1,590	959
Loans and advances	9	46,858	38,846
Deferred tax assets	10	659	-
		147,386	175,553
CURRENT ASSETS			
Advances, prepayments and other receivables	11	30,573	103,941
Advance tax	12	-	1,766
Investments	13	1,994,263	1,988,949
Cash and bank balances	14	192,626	146,703
		2,217,462	2,241,359
NON-CURRENT LIABILITIES			
Lease liabilities	17	-	37,927
		-	37,927
CURRENT LIABILITIES			
Provision against performance guarantees encashed	15	723,650	846,231
Deferred tax liability	10	-	3,820
Employee benefits obligations	16	43,042	63,934
Lease liabilities	17	43,247	41,672
Accrued and other liabilities	18	141,825	94,162
		951,764	1,049,819
NET ASSETS		1,413,084	1,329,166
REPRESENTED BY:			
PPIB Fund	19	1,413,084	1,329,166
Investments revaluation reserve		-	-
		1,413,084	1,329,166
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 36 are an integral part of these financial statements.

MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020 Restated
		(Rupees in thousand)	
INCOME			
Income from operations	21	608,090	603,606
Income from financial assets	22	93,136	192,279
Other income		3,174	650
		704,400	796,535
EXPENDITURE			
Salaries and benefits	23	523,474	495,738
Repair and maintenance	24	5,397	6,193
Printing and stationery	25	2,246	2,498
Professional and legal services fee		1,192	4,824
Board meeting expenses		2,118	1,692
Traveling expenses		1,269	2,262
Telephone, fax, postage and courier		2,089	1,799
Fixed assets insurance		1,277	1,094
Utilities		8,895	7,005
Audit fee	26	363	821
Depreciation	7	45,936	39,325
Amortization	8	247	199
Finance cost	27	7,347	12,236
Advertisement expenses		582	603
Other expenses	28	7,161	6,481
		609,593	582,770
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAX		94,807	213,765
Taxation	29	(19,155)	(20,121)
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX		75,652	193,644

The annexed notes 1 to 36 are an integral part of these financial statements.

MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020 Restated
	(Rupees in thousand)	
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX	75,652	193,644
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be subsequently reclassified to income and expenditure		
Remeasurement of defined benefit plan	8,266	10,480
TOTAL COMPREHENSIVE SURPLUS OF INCOME OVER EXPENDITURE	83,918	204,124

The annexed notes 1 to 36 are an integral part of these financial statements.

MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2021

	PPIB Fund	Investments revaluation reserve	Total
		Rupees in '"000"	
Balance as at July 1, 2019	1,125,042	39,359	1,164,401
Surplus of income over expenditure	165,388	2,108	167,496
Other comprehensive income for the year	10,480	-	10,480
Total comprehensive income for the year	175,868	2,108	177,976
Balance as at June 30, 2020 - as previously reported	1,300,910	41,467	1,342,377
Effect of Restatment	28,256	(41,467)	(13,211)
Balance as at June 30, 2020 - Restated	1,329,166	-	1,329,166
Surplus of income over expenditure	75,652	-	75,652
Other comprehensive income for the year	8,266	-	8,266
Total comprehensive income for the year	83,918	-	83,918
Balance as at June 30, 2021	1,413,084	-	1,413,084

The annexed notes 1 to 36 are an integral part of these financial statements.

MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020 Restated
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of income over expenditure	94,807	213,765
Adjustments for non-cash and other items:		
Depreciation	45,935	39,325
Amortization	247	199
Return on investments	(113,629)	(152,796)
Dividend income	(1,740)	(2,393)
Income on bank deposits	(10,429)	(15,754)
Interest on loan to employees	(3,785)	(6,651)
Provision for staff gratuity	28,555	32,482
Provision for leave encashment	18,179	16,588
Finance Charge on Lease liability	7,329	9,307
Provision for performance guarantee	-	17,765
(Gain) / loss on sale of property and equipment	(1,150)	424
Unrealized foreign exchange (gain)/loss - net	36,754	(14,685)
	101,073	137,576
Effect of working capital changes:		
(Increase) / decrease in advances, prepayments and other receivables	83,344	(10,006)
Increase / (decrease) in accrued and other liabilities	47,663	26,811
	131,007	16,805
Gratuity paid	(43,529)	(29,298)
Leave encashment paid	(15,830)	(16,874)
Taxes paid	(21,868)	(13,387)
	(81,227)	(59,559)
Net cash generated from operating activities	150,853	94,822
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,467)	(10,875)
Purchase of intangible assets	(878)	-
Proceeds from sale of property and equipment	1,150	-
Disbursement of loan to employees	(34,692)	(8,919)
Loan repaid by employees	16,756	9,392
Return on bank deposits	10,377	19,089
Interest on loan to employees	3,785	6,651
Dividend received	1,740	2,393
Return on investments received	70,968	99,313
Investment made - net	(121,988)	(125,209)
Net cash generated / (used) in investing activities	(61,249)	(8,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(43,681)	(43,626)
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,923	43,031
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	146,703	103,672
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	192,626	146,703

The annexed notes 1 to 36 are an integral part of these financial statements.

MANAGING DIRECTOR

BOARD MEMBER

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

1 LEGAL STATUS AND OPERATIONS

1.1 Private Power and Infrastructure Board was initially constituted in August 1994 under a Federal Government Notification to act as one window organization on behalf of all the agencies and Ministries of the Government of Pakistan (GOP) to process and facilitate private sector power projects, monitor their performance and perform all other related functions.

1.2 Subsequently, Private Power and Infrastructure Board Act No. VI of 2012 (the Act), was enacted on March 2, 2012 for establishment of Private Power and Infrastructure Board (PPIB) as a body corporate. Consequently the formation constituted in August 1994 stood dissolved and savings were provided for succession of various matters relating to defunct formation. As per the Act, PPIB is entrusted with specified objectives and responsibilities including implementing the power policies of the Government of Pakistan, the development and implementation of power projects and related infrastructure in the private sector and on public-private partnership basis, enter into agreements & contracts, to provide for matters connected therewith or incidental thereto, etc.

The general management and administration of affairs of the PPIB vests in the Board constituted under section 7 of the Act. The registered office of PPIB is situated at Mauve Area, Sector G-8/1, Islamabad.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared to comply with the requirements of the PPIB Act 2012 which requires the preparation of financial statements. These finanical 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. However, to follow the best practices the PPIB has adopted IFRS as a framework for preparation of the financial statements.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Board:

		Effective date (annual period beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, plant and equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 7	Financial Instruments : Disclosures (Amendments)	January 1, 2021
IFRS 9	Financial Instruments (Amendments)	January 1, 2021
IFRS 16	Leases (Amendments)	January 1, 2021

The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC 12	Service concession arrangements.

4. Significant accounting estimates and judgments

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

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

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

a) Estimated useful life of operating assets (note 5.3) and intangibles (note 5.4)
b) Lease term and effective interest rate of lease contracts for lease liabilities and right of use of assets (note 5.5)
d) Taxation (note 5.7)
f) Revenue (note 5.11)
e) Present value of staff retirement benefits (note 5.14)
c) Classification of investments (note 5.15)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of measurement

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

5.2 Functional Currency

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

5.3 **Property and equipment**

a) **Cost**

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

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

b) **Depreciation**

Depreciation is charged to income and expenditure statement applying the straight line method at the rates mentioned in note 7 to these financial statements, whereby the cost of an asset is written-off over its estimated useful life, taking into account any expected residual value.Depreciation is charged on pro-rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

c) **Repairs and maintenance**

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

d) **Gains and losses on disposal**

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

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

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

5.4 **Intangible assets**

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

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

The useful lives of intangible assets are assessed as either finite or indefinite. PPIB does not have an intangible asset with indefinite useful life. Intangible assets with finite useful lives are amortized over the period of their useful economic life. PPIB's intangible assets with finite useful lives includes software which are amortized on a straight line basis @10% per annum from the month the asset is available for use and amortisation is recognised in income and expenditure account.

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

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

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

5.5 **Leases**

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

i) **Right of use assets**

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

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

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

ii) **Lease liabilities**

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

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

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

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

5.6 Impairment of non-financial assets

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

5.7 Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

5.8 Provisions and contingencies

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

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

5.9 Foreign currencies

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

5.10 Cash and cash equivalents

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

5.11 Revenue recognition

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

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

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

Annual fee leviable includes fee that failed the collectability criteria therefore, same is accounted for on a cash basis, as referred to in note 22.1

5.12 Income on financial assets

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

5.13 Accrued and other liabilities

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

5.14 Employee benefits

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

Defined Contribution Plan

PPIB operates and manages a recognized contributory provident fund for all its permanent employees. The fund was recognized by Commissioner Income Tax on June 22, 2021 w.e.f February 2018.

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

Defined Benefit Plan

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

The fund is administered by trustees. Annual contributions to the gratuity fund are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 17 to the financial statements. The obligation at the reporting date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at June 30, 2021.

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

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

Leave encashment

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

5.15 **Financial instruments**

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

a) Financial assets

PPIB classifies its financial assets in the following measurement categories:

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

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

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

Recognition and derecognition

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

Measurement

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

Debt instruments

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

a) Amortised cost

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

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

b) Fair value through other comprehensive income (FVTOCI)

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

c) Fair value through profit and loss (FVTPL)

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

Equity instruments

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

Impairment of financial assets

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

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

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

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

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

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

Significant increase in credit risk

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

The following indicators are considered while assessing credit risk

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

Definition of default

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

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

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

Credit - impaired financial assets

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

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

(ii) Simplified approach for trade debts

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

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

Recognition of loss allowance

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

Write-off

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

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

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

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

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

a) Fair value through profit or loss

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

b) Other financial liabilities

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

Derecognition of financial liabilities

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

Offsetting financial assets and financial liabilities

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

5.16 **Trade debts and other receivables**

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

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

5.17 **Off-setting**

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

6 PRIOR YEAR ADJUSTEMENTS

In accordance with the reporting framework followed by PPIB, the financial statements of the PPIB are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in Pakistan. IFRS 16 "Leases" and IFRS 9 "Financial instruments" became applicable to the PPIB for the accounting period commencing July 1, 2019. However, Right of use assets and Lease liabilities (as required by "IFRS 16 Leases") were not recorded in the books of account in the prior year. Further investment in mutual funds is classified as investment at fair value through other comprehensive income instead of investment at fair value through profit or loss upon adoption of "IFRS 9 Financial instruments" thus resulting in recognition of gain/(loss) in statement of changes in fund instead of recognizing it in statement of income and expenditure. Furthemore, PPIB has offered provision for gratuity as allowable expense in the prior years and had also recognised deferred tax asset for same in prior years. The adjustments for IFRS 16 and IFRS 9 is accounted for in year 2020 as these standards became applicable for the PPIB in that year which allowed "modified retrospective approach" whereas adjustment for deferred tax is also accounted for in the year 2020 as it has insignificant impact on previously reported results for the year ended 2019.

The effect of restatements is summarized below:

	As presented	Impact of restatement	Restated
Statement of Financial Position		(Rupees in thousand)	
As at June 30, 2020			
NON-CURRENT ASSETS			
Property and equipment - Right of use asset	53,474	82,274	135,748
Deferred tax assets	10,370	(10,370)	-
CURRENT ASSETS			
Advances, prepayments and other receivables	105,637	(1,696)	103,941
		70,208	
NON-CURRENT LIABILITIES			
Lease liabilities	-	37,927	37,927
CURRENT LIABILITIES			
Deferred tax liability	-	3,820	3,820
Lease liabilities	-	41,672	41,672
		83,419	
Net impact		**(13,211)**	
Statement of Income and Expenditure			
For the year ended June 30, 2020			
Income from financial assets	149,951	42,328	192,279
Office rent	(41,930)	41,930	-
Depreciation expense	(7,681)	(31,644)	(39,325)
Finance cost	(2,929)	(9,307)	(12,236)
Investments revaluation reserve - net	41,467	(41,467)	-
Taxation - Deferred tax expense	11,967	(15,051)	(3,084)
Net impact		**(13,211)**	
Statement of cash flows			
For the year ended June 30, 2020			
Cash flows from operating activities			
Increase in Return on investments	110,468	42,328	152,796
Finance charge on lease liability	-	9,307	9,307
(Increase) in advances, prepayments and other receivables	(8,898)	(10,006)	1,108
Cash flows from financing activities			
Repayment of lease liabilities	-	(43,626)	(43,626)

7. PROPERTY AND EQUIPMENT

	Note	2021	2020 Restated
		(Rupees in thousand)	
Year ended June 30			
Fixed assets	7.1	38,312	37,808
Capital work in progress	7.2	15,666	15,666
Right of use assets	7.3	44,301	82,274
		98,279	135,748

7.1 Fixed assets

	Land	Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Office Equipment	Air Conditioners	Vehicles	Books	Total
	(Rupees in thousands)								
At July 01, 2019									
Cost	15,014	17,200	8,399	20,110	7,090	492	22,964	941	92,210
Accumulated depreciation	-	(16,618)	(4,803)	(14,852)	(5,680)	(308)	(14,082)	(829)	(57,172)
Net book value	15,014	582	3,596	5,258	1,410	184	8,882	112	35,038
Year ended June 30, 2020									
Opening Net Book Value	15,014	582	3,596	5,258	1,410	184	8,882	112	35,038
Additions	-	1,200	1,092	1,391	1,302	-	5,886	4	10,875
Disposals / writeoff									
Cost	-	-	-	-	-	-	4,388	-	4,388
Depreciation	-	-	-	-	-	-	(3,964)	-	(3,964)
	-	-	-	-	-	-	(424)	-	(424)
Depreciation charge	-	(797)	(562)	(2,112)	(555)	(63)	(3,550)	(42)	(7,681)
Closing net book value	15,014	985	4,126	4,537	2,157	121	10,794	74	37,808
As at June 30, 2020									
Cost	15,014	18,400	9,491	21,501	8,392	492	24,462	945	98,697
Accumulated depreciation	-	(17,415)	(5,366)	(16,964)	(6,235)	(371)	(13,668)	(871)	(60,889)
Net book value	15,014	985	4,126	4,537	2,157	121	10,794	74	37,808
Year ended June 30, 2021									
Opening Net Book Value	15,014	985	4,126	4,537	2,157	121	10,794	74	37,808
Additions	-	806	608	1,734	443	547	4,329	-	8,467
Disposals / writeoff									
Cost	-	-	-	-	-	-	956	-	956
Depreciation	-	-	-	-	-	-	(956)	-	(956)
	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(400)	(590)	(2,132)	(553)	(67)	(4,199)	(22)	(7,963)
Closing net book value	15,014	1,391	4,144	4,139	2,047	601	10,924	52	38,312
As at June 30, 2021									
Cost	15,014	19,206	10,099	23,235	8,835	1,039	27,835	945	106,208
Accumulated depreciation	-	(17,815)	(5,957)	(19,096)	(6,788)	(438)	(16,911)	(893)	(67,896)
Net book value	15,014	1,391	4,144	4,139	2,047	601	10,924	52	38,312
Annual rate of depreciation %	-	33	10	20	15	15	20	10	

		Note	2021	2020
			(Rupees in thousand)	
7.2	**Capital work in progress**			
	Balance as the start of the year		15,666	15,666
	Additions during the period		-	-
	Deletions during the year		-	-
			15,666	15,666

		2021	2020 Restated
		(Rupees in thousand)	
7.3	**Right of use assets**		
	Balance at the start of the year	82,274	-
	Additions during the year	-	113,918
	Depreciation charged during the year	(37,973)	(31,644)
		44,301	82,274

		2021	2021
		(Rupees in thousand)	
8	**INTANGIBLE ASSETS - Computer softwares**		
	Year ended June 30		
	Opening book value	959	1,158
	Additions	878	-
	Amortization	(247)	(199)
	Closing net book value	1,590	959
	Cost as at June 30	2,946	2,068
	Accumulated amortization	(1,356)	(1,109)
	Net book value	1,590	959
	Amortization rate	10%	10%

9	**LOANS AND ADVANCES - at amortized cost**			
	Loans and advances - considered good	9.1 & 9.2	71,624	53,688
	Less: Current portion shown under current assets	11	(24,766)	(14,842)
	Less: Considered doubtful		-	-
			46,858	38,846

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

	2021	2020
	(Rupees in thousand)	

9.2 Loans to key management personnel

	2021	2020
Opening balance	26,000	28,753
Loans issued during the year	-	3,500
Loans repaid during the year	(7,960)	(6,253)
Closing balance	18,040	26,000

10 DEFERRED TAX ASSET / (LIABILITY)

This comprises of following:

Deferred tax liability on taxable temporary differences in respect of:

	2021	2020
Accelerated depreciation	(6,612)	(7,581)
Lease Liability net of Right of Use assets	(306)	(3,135)
	(6,918)	(10,716)

Deferred tax asset on deductible temporary differences in respect of:

	2021	2020
Provision for leave encashment	7,577	6,896
	659	(3,820)

10.1 Movement in deferred income tax asset / (liability)

	As at July 1, 2020	Statement income and expenditure	Other comprehensive income	As at June 30, 2021
	--------Rupees in thousand--------			
Accelerated tax depreciation	(7,581)	969	-	(6,612)
Provision for Leave Encashment	6,896	681	-	7,577
Lease Liability net of Right of Use asset	(3,135)	2,829	-	(306)

Sa77el.

	Note	2021	2020 Restated
		(Rupees in thousand)	

11 ADVANCES,PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021	2020 Restated
Advances to:			
- employees against provident fund		-	1,735
- suppliers / services		169	142
- employees against expenses		165	906
		334	2,783
Current portion of loans and advances	9	24,766	14,842
Prepayments		1,313	1,447
Accrued interest on bank deposits		160	110
Accrued income on account of fees		1,981	82,235
Other receivables		2,019	2,524
		30,573	103,941

12 ADVANCE TAX

	2021	2020
	(Rupees in thousand)	
Balance at the beginning of the year	1,766	5,416
Income tax paid / deducted at source	21,661	13,387
Provision for taxation - current	(27,009)	(17,037)
Balance at the end of the year	(3,582)	1,766

13 Investments

	Note	2021	2020 Restated
		(Rupees in thousand)	
Mutual funds - at fair value through profit or loss	13.1	123,074	90,066
Term deposit receipts (TDRs) - at amortised cost	13.2	1,871,189	1,898,883
		1,994,263	1,988,949

13.1 Mutual funds - at fair value through profit or loss

	2021	2020
National Investment Trust (NIT) 1,633,710 units (2020: 1,602,033 units)	123,074	90,066

The aggregate cost of investments of units at fair value amounts to Rs 50.4 million (2020 Rs 48.6 million).

	2021	2020 Restated
	(Rupees in thousand)	
13.2 Term Deposit Receipts (TDRs) - at amortised cost		
US Dollars:		
Habib Metropolitan Bank Limited (HMBL) USD 4,160,731 (2020: USD 5,209,922)	656,563	876,570
JS Bank Limited (JSBL) USD 2,518,386 (2020: USD 2,450,482)	398,120	412,294
United Bank Limited USD 1,205,720 (2020: NIL)	190,263	-
	1,244,946	1,288,864
Rupees:		
Pak Oman Investment Company Limited (POIC)	300,000	200,000
JS Bank Limited (JSBL)	100,000	100,000
Faysal Bank Limited (FBL)	200,000	250,000
	600,000	550,000
	1,844,946	1,838,864
Accrued profit on TDRs:		
US Dollars		
- HMBL	712	4,171
- JSBL	3,385	5,662
- UBL	292	-
	4,389	9,833
Rupees		
- POIC	5,853	13,798
- JSBL	4,258	7,659
- FBL	11,743	28,729
	21,854	50,186
	1,871,189	1,898,883

13.2.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Maturity	Profit rate per annum
TDRs			
JSBL	USD	October 2021	2.20%
JSBL	USD	June 2022	1.50%
UBL	USD	April 2022	0.80%
HMBL	USD	March 2022	0.80%
HMBL	USD	June 2022	1.50%
FBL	PKR	September 2021	7.12%
JSBL	PKR	December 2021	7.40%
POIC	PKR	April 2022	7.80%
POIC	PKR	June 2022	7.85%
POIC	PKR	December 2021	7.40%

	Note	2021	2020
		(Rupees in thousand)	
14 CASH AND BANK BALANCES			
Balance in local currency			
Cash at bank:			
- Current accounts		1	-
- Saving accounts	14.1	191,152	143,853
		191,153	143,853
Cash in hand		25	49
Balance in foreign currency			
- Saving accounts - USD 9,175 (2020: USD 16,671)	14.1 & 14.2	1,448	2,801
		192,626	146,703

14.1 This includes Rupees 21.086 million (2020: Rupees 69.647 million) held on account of employees' provident fund scheme.

14.2 These accounts carry rates of profit ranging from 3.75% to 6.50% (2020: 2.79% to 15.39%) per annum.

		Note	2021	2020
			(Rupees in thousand)	
15	**PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED**			
	Spencer Powergen Company of Pakistan Limited	15.2	41,046	41,046
	Star Energy Venture Pakistan Limited	15.3	78,400	78,400
	Star Power Generation Company Limited	15.4	422,904	450,910
	Kotli Hydropower Project		-	84,125
	Gujranwala Energy Limited	15.5	157,800	168,250
	Liberty Power Limited	15.6	23,500	23,500
			723,650	846,231
15.1	**Movement of provision against performance guarantees encashed**			
	Balance at the beginning		846,231	828,466
	Transferred to accrued and other liabilities		(78,900)	-
	Exchange (gain) / loss		(43,681)	17,765
	Balance at the end		723,650	846,231

15.2 Based on order of Islamabad High Court dated April 4, 2013, PPIB had to pay the amount of performance guarantee of Rupees 33 million along with profits amounting to Rupees 24.51 million. PPIB may be required to pay further amount of Rupees 41.046 million as per contempt petition vide order dated March 20, 2019 of Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited which was challenged by the PPIB in Apex court of Pakistan where the matter is pending adjudication.

15.3 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.

15.4 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.

15.5 Gujranwala Energy Limited has filed a writ petition before Sindh High Court and Civil Court in Lahore challenging encashment of performance guarantee by PPIB which is pending adjudication.

15.6 PPIB encashed the performance guarantee upon failure of Liberty Power Limited to submit fresh performance guarantee and continue with the project. There is no suit relating to this guarantee to pay this amount and management is evaluating the matters incidental thereto.

15.7 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 various cases filed by the respective entities.

		Note	2021	2020
			(Rupees in thousand)	
16	**EMPLOYEE BENEFITS OBLIGATIONS**			
	Leave encashment	16.1	26,128	23,779
	Gratuity	16.2	16,914	40,155
			43,042	63,934
16.1	**Movement of provision for leave encashment is as follows:**			
	Balance at the beginning		23,779	24,065
	Expense for the year	23	18,179	16,588
	Payments made during the year		(15,830)	(16,874)
	Balance at the end		26,128	23,779

16.2 **Gratuity**

The latest actuarial valuation was carried out as at June 30, 2021, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

			2021	2020
			(Rupees in thousand)	
16.2.1	**The amounts recognized in the statement of financial position are as follows:**			
	Present value of defined benefit obligation	16.2.5	399,752	356,785
	Fair value of plan assets	16.2.6	(382,838)	(316,630)
			16,914	40,155

		Note	2021	2020
			(Rupees in thousand)	
16.2.2	**The amounts recognized in income and expenditure account are as follows:**			
	Current service cost		26,948	27,720
	Net interest cost		1,607	4,762
		23	28,555	32,482
16.2.3	**Movement in statement of financial position**			
	Opening liability		40,155	51,732
	Expense for the year	16.2.2	28,555	32,482
	Charged to other comprehensive income		(11,641)	(14,761)
	Contributions paid		(40,155)	(29,298)
	Liability to be recognized in the statement of financial position		16,914	40,155

16.2.4 Based on the actuarial valuation a contribution of Rupees 29.046 million is expected to be paid to the defined benefit plan during the year ending June 30, 2022.

		2021	2020
		(Rupees in thousand)	
16.2.5	**Changes in the present value of defined benefit obligation are as follows:**		
	Present value of defined benefit obligation at beginning	356,785	322,670
	Current service cost	26,948	27,720
	Interest cost	30,103	44,577
	Benefits paid	(2,916)	(12,365)
	Benefits due but not paid	(2,338)	-
	Remeasurement of defined benefit obligation	(8,830)	(25,817)
	Present value of defined benefit obligation at June 30	399,752	356,785
16.2.6	**Changes in the fair value of plan assets are as follows:**		
	Fair value of plan assets at beginning	316,630	270,938
	Expected return on plan assets	28,496	39,815
	Contributions to the fund	40,155	29,298
	Benefits paid	(2,916)	(12,365)
	Benefits due but not paid	(2,338)	-
	Remeasurement of plan assets	2,811	(11,056)
	Fair value of plan assets at June 30	382,838	316,630

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

	2021	2020	2021	2020
	%	%	(Rupees in thousand)	
Bank balances	5.81	7.25	22,252	22,943
NIT units	0.98	1.11	3,754	3,524
Term deposit receipts	95.51	93.44	365,662	295,849
Others	0.22	0.52	839	1,644
Payables	(2.53)	(2.32)	(9,668)	(7,330)
	100	100	382,839	316,630

		2021	2020
16.2.8	**Principal actuarial assumptions used in the actuarial valuation are as follows:**		
	Discount rate	10%	8.50%
	Future salary increase	10%	8.50%
	Expected return on plan assets	8.50%	14.25%
	Withdrawal Rates	Age-Based	Age-Based
	Mortality Rates	Adjusted SLIC 2001-2005 Setback 1 Year	Adjusted SLIC 2001-2005 Setback 1 Year

		2021	2020
		(Rupees in thousand)	
16.2.9	**Re-measurements recognized in other comprehensive income during the year:**		
	Remeasurement gain on obligation	8,830	25,817
	Remeasurement loss on plan assets	2,811	(11,056)
		11,641	14,761
16.2.10	**Sensitivity analysis**		
	Discount Rate + 1 %	370,302	328,512
	Discount Rate - 1 %	433,243	389,074
	Salary growth rate + 1 %	432,922	388,759
	Salary growth rate - 1 %	370,048	328,266
16.2.11	**Plan assets**		
	Bond	93.16%	91.32%
	Equity	0.96%	1.09%
	Cash and / or deposits	5.88%	7.59%
16.2.12	**Expected benefit payments for the next 10 years and beyond**		
	FY 2022	43,876	
	FY 2023	44,879	
	FY 2024	13,075	
	FY 2025	39,917	
	FY 2026	32,316	
	FY 2027	19,284	
	FY 2028	44,611	
	FY 2029	14,741	
	FY 2030	148,504	
	FY 2031	47,403	
	FY 2032	1,952,360	
	The average duration of the defined benefit obligation is	**8 Years**	

16.2.13 **Risk associated with defined benefit plans**

Investment risk:

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

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk:

The risk of actual withdrawals varying with actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

17 Lease liabilities

PPIB has acquired its head office building and a warehouse under finance leases. The lease term is 3 years.

Interest rates underlying obligation under finance leases are fixed at 3 months Kibor plus 2% per annum (2020: 3 months Kibor plus 2%).

Finance lease liabilities against building

	Note	2021	2020
Minimum lease payments:		**(Rupees in thousand)**	
Not later than one year		49,171	52,763
Later than one year but not later than five years		-	43,851
Later than five years			
Less: Finance cost allocated to future period		(5,924)	(17,015)
		43,247	79,599
Present value of minimum lease payments			
Not later than one year		43,247	41,672
Later than one year but not later than five years		-	37,927
		43,247	79,599

18 ACCRUED AND OTHER LIABILITIES

	Note	2021	2020
Accrued expenses		32,152	12,551
Audit fee payable		363	763
Tax liability		3,582	-
Retention money		710	710
Payable to AJ & K Council	18.1	78,900	-
Other payables		5,032	7,588
Provident fund payable	18.2	21,086	72,550
		141,825	94,162

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

18.2 **Movement of provision for provident fund is as follows:**

	Note	2021	2020
		(Rupees in thousand)	
Balance at the beginning		72,550	48,113
Provision for the year		22,821	21,534
Interest for the year	27	-	2,903
Payments made during the year		(74,285)	-
Balance at the end		21,086	72,550

19 PPIB FUND

PPIB Fund is established 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 March 1, 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.

20 CONTINGENCIES AND COMMITMENTS

20.1 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 (2020: Rupees 113,457 million) and USD 58 million (2020: USD 58 million). Also, claims have been lodged against the performance guarantees encashed amounting USD 0.2 million (2020: USD 0.2 million). These law suits are currently being defended by PPIB. At this stage, either it is not possible to determine the expected outcome of these litigations or favorable results to PPIB are probable. All the cases are pending in the courts of law so the expected timing of outflow of resources cannot be ascertained.

		Note	2021	2020
			(Rupees in thousand)	
20.2	Commitments against capital expenditure		-	25,671
21	**INCOME FROM OPERATIONS**			
	Registration fee		-	95
	Project processing fee		-	7,990
	Issuance of LOI/LOS fee		-	45,822
	Extension in LOI/LOS fee		252,771	419,905
	Fee for achievement of financial close		210,485	51,150
	Fee for design change		-	23,340
	Annual fee	21.1	124,638	-
	Fee for achievement of COD		4,826	-
	Fee for change in shareholding		15,370	55,304
			608,090	603,606

21.1 PPIB Act 2012 envisages that PPIB Board may prescribe and receive fees and charges for processing applications of private power projects. Accordingly, PPIB Board approved a revised fee structure named as; "PPIB Fee and Charges Rules 2018" (the Rules) which were formally notified in the official Gazette of Pakistan on March 26, 2019. Under the aforementioned Fee and Charges Rules, PPIB inter-alia levied annual fee of US$ 300 per MW which is applicable on all IPPs upon each COD anniversary of each project. After the PPIB prescribed the annual fee in March 2019, various IPPs, which have been formed under the power policies of 1994, 2002 and 2015 approached the National Electric Power Regulatory Authority (NEPRA) to allow this fee as a pass through expense in their tariff. The IPPs were of the view that they will pay the annual fee to PPIB after the same is allowed by the NEPRA as a pass through expense. Lately, certain IPPs formed under 2002 power policy have accepted the above referred fee, whereas, certain other IPPs have apprised that they are still engaged with the NEPRA on the matter till date. Total amount of annual fee levied under the rules since notification of levy is in excess of Rs 1.9 billion whereas the amount recovered as of June 30, 2021 was around Rs.124.64 million, representing approximately 6 percent of the total amount due. The management believes that the collections against the annual fee have historically been very low due to the stance of the IPPs on the matter and their engagement with NEPRA to allow this as a pass through expense. The situation was assessed in the light of relevant of provisions of IFRS 15 "Revenue from Contracts" and considering the criteria for reveue recognition management has concluded that the criterion relating to collectability in paragraph 9(e) of IFRS 15 is not fulfilled in respect of annual fee and accordingly revenue from annual fee should be recognised on a receipt basis i.e. cash basis.

		Note	2021	2020 Restated
22	**INCOME FROM FINANCIAL ASSETS**		(Rupees in thousand)	
	Return on investments		113,629	152,796
	Return on bank deposits		10,429	15,754
	Interest on loans to employees		3,785	6,651
	Dividend income		2,047	2,393
	Exchange (loss) / gain - net		(36,754)	14,685
			93,136	192,279
23	**SALARIES AND BENEFITS**			
	Salaries and allowances		376,189	352,570
	Bonus		69,154	69,719
	Provision for leave encashment	16.1	18,179	16,588
	Provision for staff gratuity	16.2.2	28,555	32,482
	PPIB Contribution towards EOBI		1,059	1,152
	Provident fund contribution		10,565	9,892
	Other benefits		19,773	13,335
			523,474	495,738
24	**REPAIR AND MAINTENANCE**			
	Vehicle running and maintenance		3,920	4,125
	Office repair, maintenance and renovation		398	802
	Computer repair		780	847
	Equipment repair		200	396
	Furniture repair		99	23
			5,397	6,193

25 PRINTING AND STATIONERY

	2021	2020
	(Rupees in thousand)	
Computer stationery	737	636
Office stationery	1,158	891
Printing	351	971
	2,246	2,498

26 AUDIT FEE

	2021	2020
Statutory audit fee	363	363
Gratuity fund audit	-	108
Provident fund audit	-	350
	-	458
	363	821

27 FINANCE COST

	Note	2021	2020 Restated
		(Rupees in thousand)	
Bank charges		18	26
Finance cost on obligations under finance lease		7,329	9,307
Employees' provident fund trust	18.2	-	2,903
		7,347	12,236

28 OTHER EXPENSES

	2021	2020
	(Rupees in thousand)	
Newspapers and periodicals	254	336
Training, conferences and seminars	250	1,295
Entertainment and office supplies	2,131	1,834
Security services	2,908	2,492
Miscellaneous	1,618	524
	7,161	6,481

29 TAXATION

	2021	2020
Current	23,634	17,037
Deferred	(4,479)	3,084
	19,155	20,121

29.1 Provision for current tax represents tax from income from other sources / alternate corporate tax only because of gross loss for the year and in view of available unabsorbed tax losses of Rupees 778.577 million (2020: Rupees 796.888 million). Hence, the numerical reconciliation between tax expense and accounting loss has not been presented in these financial

30 FUND MANAGEMENT

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

31 RELATED PARTY TRANSACTIONS

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

	2021	2020
	(Rupees in thousand)	
Salaries and benefits to key management personnel	150,569	129,765
Contribution to gratuity fund / trust	40,155	29,298
Contribution to provident fund / trust	11,410	10,767
Loans and advances to key management personnel	18,000	22,956

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

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

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

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

(a) Market risk

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

(i) Currency risk

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

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

The potential currency exposures are discussed below;

Transactional exposure in respect of non-functional currency monetary items

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

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

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

Exposure to currency risk

PPIB's exposure to currency risk is as follows:

	2021	2020
	(US Dollars in thousand)	
Short term investments - amortized cost	7,885	7,660
Bank balances	9	17
Net exposure	7,894	7,677

SAJJAL.

The following significant exchange rates applied during the year:

Rupees per USD	2021	2020
	(US Dollars in thousand)	
Average rate	154.02	166.13
Reporting date rate	157.54	168.25

Sensitivity analysis

At June 30, 2021, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, the impact on profit before tax would have been Rupees 4.4 million (2020: Rupees 7.7 million) higher/lower.

(ii) Other price risk

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

The Board's investment in mutual fund amounting to Rupees 123 million (2020: Rupees 90.07 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at June 30, 2021, 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 12.3 million (2020: Rupees 9.007 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:

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Investments	1,871,189	1,898,883
Floating rate instruments		
Financial assets		
Bank balances	192,601	146,654

Sensitivity analysis

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 1.926 million (2020 : Rupees 1.467 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) Credit risk

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

	2021	2020
	(Rupees in thousand)	
Investments	1,994,263	1,988,949
Loans, advances and other receivables	76,118	141,340
Bank balances	192,601	146,654
	2,262,982	2,276,943

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**	**2021**	**2020**
				(Rupees in thousand)	
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	-	1
Dubai Islamic Bank Limited	A1+	AA	VIS	49	52
National Bank of Pakistan	A1+	AAA	PACRA	1,233	107
Habib Bank Limited	A1+	AAA	VIS	123,886	129,777
Bank Alfalah Limited	A1+	AA+	PACRA	2	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	1
United Bank Limited	A1+	AAA	VIS	331	368
NIB Bank Limited	A1+	AA-	PACRA	-	-
Summit Bank Limited	A3	BBB-	VIS	2	2
JS bank Limited	A1+	AA-	PACRA	22	1,351
Faysal Bank Limited	A1+	AA	PACRA	1,069	1,139
Meezan Bank Limited	A1+	AA+	VIS	66,006	13,856
Askari Commercial Bank				-	-
MCB Bank Limited				-	-
First Women Bank Limited	A2	A-	PACRA	1	-
				192,601	146,654
Investments					
Term deposit receipts					
- Faysal Bank Limited	A1+	AA	PACRA	211,743	278,729
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	657,275	880,741
- JS Bank Limited	A1+	AA-	PACRA	505,763	525,615
- Pak Oman Investment Company Limited	A1+	AA+	VIS	305,853	213,798
- United Bank Limited	A1+	AA+	VIS	190,555	-
				1,871,189	1,898,883
National Investment Trust	Unknown			123,074	90,066
				1,994,263	1,988,949

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

(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:

	Carrying amount	Contractual cash flows	Less than 1 Year	Above 1 year
	------------ (Rupees in thousand) ------------			
At June 30, 2021				
Provision against performance guarantees encashed	723,650	723,650	723,650	-
Other payables having maturity up to one year	117,157	117,157	117,157	-
Lease liabilibies	43,247	43,247	43,247	-
At June 30, 2020				
Provision against performance guarantees encashed	846,231	846,231	846,231	-
Other payables having maturity up to one year	21,612	21,612	21,612	-
Lease liabilibies	79,599	79,599	41,672	37,927

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

33 FINANCIAL INSTRUMENTS

33.1 Financial assets and liabilities

June 30, 2021	Amortized cost	FVTPL	Total
Financial assets :	------------ (Rupees in thousand) ------------		
Maturity up to one year			
Advances and other receivables	29,260	-	29,260
Investments	1,871,189	123,074	1,994,263
Cash and bank balances	192,626	-	192,626
Maturity after one year			
Loans and advances	46,858	-	46,858
	2,139,933	123,074	2,263,007

Financial liabilities :	Accrued and other liabilities	Total
	-------- (Rupees in thousand) --------	
Maturity up to one year		
Provision against performance guarantees encashed	723,650	723,650
Accrued and other liabilities	117,157	117,157
Lease liabilities	43,247	43,247
Maturity after one year		
Lease liabilities	-	-
	884,054	884,054

June 30, 2020	Amortized cost	FVTPL	Total
	------------ (Rupees in thousand) ------------		
Financial assets :			
Maturity up to one year			
Advances and other receivables	102,494	-	102,494
Investments	1,898,883	90,066	1,988,949
Cash and bank balances	146,703	-	146,703
Maturity after one year			
Loans and advances	38,846	-	38,846
	2,186,926	90,066	2,276,992

SAJJAL

Financial liabilities :	Accrued and other liabilities	Total
	------(Rupees in thousand)-----	
Maturity up to one year		
Provision against performance guarantees encashed	846,231	846,231
Accrued and other liabilities	21,612	21,612
Lease liabilities	41,672	41,672
Maturity after one year		
Lease liabilities	37,927	37,927
	947,442	947,442

33.2 **Fair value of financial instruments**

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

	2021		2020	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	---------- (Rupees in thousand) ----------			
Assets carried at amortized cost				
Investments	1,871,189	1,871,189	1,898,883	1,898,883

The basis for determining fair values is as follows:

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

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

33.4 **Fair value hierarchy**

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

	Level 1	Level 2	Level 3	Total
	---------- (Rupees in thousand) ----------			
June 30, 2021				
Assets carried at fair value				
Mutual funds - at fair value through profit or loss	123,074	-	-	123,074
Term deposit receipts (TDRs) - at amortised cost	-	1,871,189	-	1,871,189
June 30, 2020				
Assets carried at fair value				
Mutual funds	90,066	-	-	90,066
Term deposit receipts (TDRs)	-	1,898,883	-	1,898,883

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

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

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

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

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

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

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

33.5 Valuation techniques used to determine fair values

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

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.

35 GENERAL

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

35.2 Number of Employees

	2021	2020
Number of employees as at June 30	104	103
Average number of employees for the year	103	103

35.3 Events after statement of financial position date

Subsequent to the statement of financial position date Private Power and Infrastructure Board (Amendment) Act 2023, has been enacted which was assented to by the President of Pakistan on May 31, 2023 and notified in the Gazette of Pakistan on 10th June, 2023. By virtue of the foregoing, primarily the Alternative Energy Development Board has merged into PPIB. PPIB has appointed consultants for assistance and devising the scheme of merger.

36 DATE OF AUTHORIZATION

These financial statements were approved on 13th December 2022 by the Board members of PPIB.

MANAGING DIRECTOR

BOARD MEMBER

Private Power and Infrastructure Board

Ministry of Energy (Power Division)
Government of Pakistan

Ground & 2nd Floors, Emigration Tower,
Plot No. 10, Mauve Area, Sector G-8/1, Islamabad - Pakistan
Tel: +92-51-9264034-45 | Fax: +92-51-9264030-31
Email: ppib@ppib.gov.pk | www.ppib.gov.pk