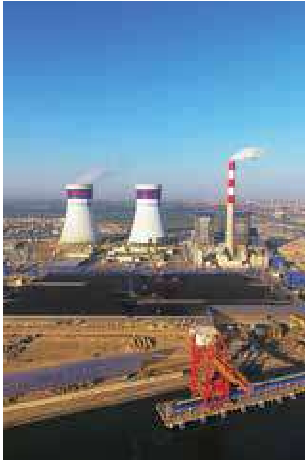

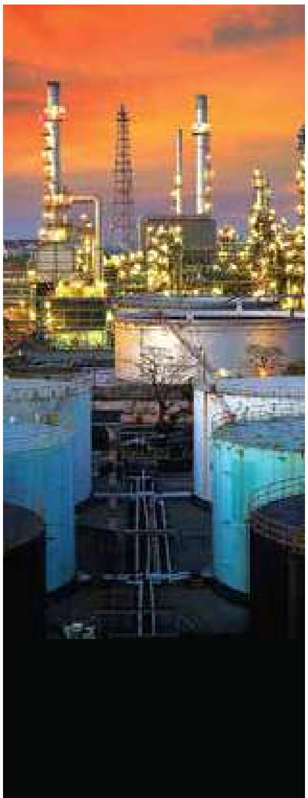

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Private Power & Infrastructure Board

ANNUAL REPORT 2021-22

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
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
IPP	Independent Power Producer
ICB	International Competitive Bidding
IGCEP	Indicative Generation Capacity Expansion Plan
JCC	Joint Coordination Committee
JEWG	Joint Energy Working Grouptt
KE	K-Electric Limited

LA	Lease Agreement
LOI	Letter of Interest / Letter of Intent
LOS	Letter of Support
MoE	Ministry of Energy
MoF	Ministry of Finance
MoP&NR	Ministry of Petroleum & Natural Resources
MW	Mega Watts
MOU	Memorandum of Understanding
NEPRA	National Electric Power Regulatory Authority
NPCC	National Power Control Center
NTDC	National Transmission and Despatch Company
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	Re-gasified 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
WB	World Bank
WUL	Water Use License
WUA	Water Use Agreement

Shah Jahan Mirza
Managing Director

Foreword By Managing Director

I feel immense pleasure to present the Annual Report of the Private Power and Infrastructure Board (PPIB) for the year June 30, 2022 in the light of provision of Part-V, section 21 of PPIB Act, 2012.

Pakistan's energy sector has been greatly affected by COVID-19 global economic rebound and conflict between Russia and Ukraine. High dependence on imported fuels has exposed it to serious energy sector challenges. Pakistan has significant dependence on fossil fuels (residual fuel oil, liquefied natural gas and coal), which make up to 86% of Pakistan's primary commercial energy supply. Pakistan's fuel import bill surged to USD 23 billion in the 2021-22 financial year, a 105% increase from the previous financial year. Besides, the projected increase in average temperatures in Pakistan also continues to put pressure on energy demand.

During the FY 2021-22, PPIB was actively involved in development of policies, supplemental policies, guidelines and documents for development and utilization of hydel and coal resources for power generation, in addition to in various project related activities such as processing of a number of multiple fuel based IPP projects, tariff determination for IPPs etc. Moreover, PPIB has achieved completion of various private sector projects including Matiari- Lahore HVDC Transmission Line Project, Karot Hydropower Project and Lucky Electric Coal Project during the reported year

The development of competitive wholesale electricity market has been a longstanding goal envisaged through 1992 Strategic Plan of Government of Pakistan to move from monopoly structure to competition through unbundling, corporatization and privatization of generation, distribution and retail / supply of the electric power. To assume the role of Independent Auction Administrator (IAA) under the proposed scheme / mechanism of NEPRA, PPIB has completed the major milestones i.e. New Generation Policy Framework, Merger of PPIB/AEDB, IAA Registration, Revised Security Package, IAA Strengthening Plan and Facilitation in Financial Health Assessment of DISCOs.

PPIB is actively working to improve the share of indigenous coal and renewable hydro based electricity in the overall energy mix of the country. The main tasks on the PPIB Cards are Issuance of Tripartite LOS to hydropower projects initiated by provinces/AJK/GB, preparation of tariff-based bidding documents for HPPs through AFD grant, facilitate government of Gilgit Baltistan in preparation of Power Policy for development of its hydropower resources (21,100 MW), identify pumped storage hydropower sites to cater for intermittency of wind & solar power projects and grid stability and develop framework & security package for award of projects through ICB.

The above milestones are just few efforts towards achieving our goal of affordable, reliable and sustainable power generation in the national grid to overcome Pakistan power crisis.

At the end, I would like to proclaim that the we were able to achieve this as a team, PPIB professionals and staff, who have dedicated all their efforts to achieve organizational and national goals.

The Board of PPIB

Ali Raza Bhutta
Chairman PPIB

Shah Jahan Mirza
MD PPIB / Member

Hamed Yaqoob Sheikh
Secretary Ministry of Finance

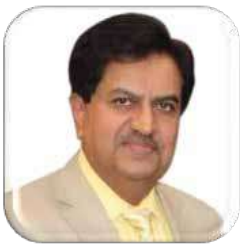
Dr. Arshad Mehmood
Secretary Petroleum Division

Abdul Aziz Uqaili
Secretary Planning Commission

Dr. Muhammad Ashfaq Ahmad
Chairman FBR

Lt. Gen. (r) Muzamil Hussain
Chairman Wapda

Kamran Ali Afzal
Chief Secretary GoPunjab



Mumtaz Ali Shah
Chief Secretary GoSindh

Saleh Muhammad Baloch
Secretary Engergy Balochistan

Dr. Shahzad Khan Bangash
Chief Secretary GoAJK

Shakeel Qadir Khan
Chief Secretary GoAJK

Highlights of the Year under Report

Highlights of the Year under Report

Energy sector plays a vital role in the economic development of a country. The unprecedented increase in commodity prices in 2021 and during the initial months of 2022 was mainly caused by post COVID-19 global economic rebound and conflict between Russia and Ukraine. The economic recovery from the COVID-19 pandemic, combined with unusual weather conditions led to a sudden jump in electricity demand. The hike in fuel prices has also enhanced cost of electricity production.

Pakistan's energy sector has also been greatly affected by the afore- stated factors. High dependence on imported fuels has exposed it to serious energy sector challenges. Pakistan has significant dependence on fossil fuels (residual fuel oil, liquefied natural gas and coal), which make up to 86% of Pakistan's primary commercial energy supply. Pakistan's fuel import bill surged to USD 23 billion in the 2021-22 financial year, a 105% increase from the previous financial year. Besides, the projected increase in average temperatures in Pakistan also continues to put pressure on energy demand.

According to NTDC's Indicative Generation Capacity Expansion (IGCEP) Plan 2021 with demand supply projections till 2030 (as submitted to NEPRA), the demand and capacity projection under base case scenario (GDP in the range of 3.94% to 5.7% during 2021-2030) are tabulated below:

Year	Generation GWh	Peak Demand (MW)	Generation Capacity (MW)
2022	136,151	24,574	40,119
2025	174,102	30,814	48,521
2030	207,418	37,129	61,112

The base case scenario indicates 39.2 billion US $ NPV investment requirements both in terms of CAPEX and OPEX of electric power generation to meet long term demand, in addition to existing capacity payments and CAPEX of committed projects.

During the FY 2021-22, PPIB was actively involved in development of policies, supplemental policies, guidelines and documents for development and utilization of hydel and coal resources for power generation, in addition to in various project related activities such as processing of a number of multiple fuel based IPP projects, tariff determination for IPPs etc.

Moreover, PPIB has achieved completion of various private sector projects during the reported year. Brief description these projects is given below:

(a) Matiari- Lahore HVDC Transmission Line Project:

886 kM, ±660 kV Matiari – Lahore HVDC transmission line project, located across Mitiari (Sindh)- Lahore (Punjab), having transmission capacity of 4000 MW has been successfully commissioned w.e.f. 1st September, 2021. This project is first of its kind & technology in Pakistan and has been implemented under the umbrella of CPEC Framework Agreement.

(b) Karot Hydropower Project

Karot hydropower project is located on River Jehlum having a dual boundary of AJ & K and Punjab province. This project having a generation capacity of 720 MW was successfully commissioned on 29th June 2022.

(c) Lucky Electric Coal Project

Lucky electric is a Thar coal-based project located at Port Qasim near Karachi, having a capacity of 660 MW. This project was commissioned on 21st March 2022.

PPIB's role in Competitive Trading Bilateral Contract Market (CTBCM)

The development of competitive wholesale electricity market has been a longstanding goal envisaged through 1992 Strategic Plan of Government of Pakistan to move from monopoly structure to competition through unbundling, corporatization and privatization of generation, distribution and retail / supply of the electric power.

Accordingly, CTBCM has been initiated with the objective to ensure competition at wholesale level through development of efficient, liquid, transparent, predictable and credible wholesale electricity market; where market participants can trade bilaterally based on the principles of the competitive market. Under the proposed scheme / mechanism, PPIB is envisaged to assume the role of Independent Auction Administrator (IAA)

Following actions have been taken by PPIB for CTBCM Implementation during the reported period:

1. New Generation Policy Framework

PPIB has been tasked to amend the existing power generation policy in line with the future power market structure envisioned under the CTBCM scheme. Accordingly, PPIB has prepared the initial draft Policy Framework for Power Generation and submitted to Power Division on 8th March 2022 for circulation among stakeholders for their review.

2. Merger of PPIB/AEDB

After approval of the Federal Cabinet, the Bill to amend PPIB Act in the context of AEDB's merger with PPIB has been submitted to the National Assembly on 20th January 2022 which was referred by National Assembly to its Standing Committee on the same day.

3. IAA Registration

After PPIB Board approval, Registration Application was submitted to NEPRA on 8th October 2021. On 7th March 2022, NEPRA issued public notice for seeking comments from stakeholders, after which NEPRA will convene public hearing on the matter.

4. Revised Security Package

With the help of WB consultant, preparation of draft Security Package Documents (SPDs) is under way. First package of solar SPDs received from the consultant was deliberated amongst stakeholders and observations were conveyed to the consultant on 20th April 2022 for review and feedback.

5. IAA Strengthening

With the support of "MRC Consultants and Transaction Advisors", the IAA Strengthening Plan has been drafted which to be presented to the HR Committee and later to the PPIB Board for approval.

6. Facilitation in Financial Health Assessment of DISCOs

With input by DISCOs, CPPA-G and PPIB, WB consultant has prepared detailed financial health assessment (FHA) report of DISCOs. As per findings of the FHA report, DISCOs do not have adequate creditworthiness to enter into bilateral contract, without backing of GOP guarantee.

Participation of PPIB in various local & international forums

(i) Capacity Building Workshop on "Green Financing Guidelines for CPEC Projects" (2nd June 2022)- MD PPIB participated as Panelist

(ii) SDPI Inception Conference (SDG 7 Roadmap for Pakistan) -(31st May 2022) - MD PPIB participated as Key Note Speaker

(iii) "Investment Prospects in Alternative Energy Sector of Pakistan" – Consulate General of Pakistan, Toronto (27th May 2022) - MD PPIB participated as Panelist

(iv) International Solar Energy Meet Conference (21st May 2022) - MD PPIB participated as Guest Speaker

(v) 2nd Pakistan Energy Reform Summit 2022 - (18th May 2022) - MD PPIB participated as Guest Speaker

(vi) Engro - Ushering in the Future of Energy (1st April 2022) - MD PPIB participated as Panelist

(vii) FAKT: Inauguration Ceremony and Conference of Solar Pakistan (26th March 2022)

(viii) 5th Int'l Wind Energy Summit in Pakistan (16th March 2022) - MD PPIB participated as Key Note Speaker

(ix) Energy Update - 2nd Int'l Conference & Expo on Solar Clean Energy (15th March 2022) - MD PPIB participated Guest of Honor

(x) Virtual Event by Institute of Policy Studies (1st March 2022) - MD PPIB participated as Guest of Honor

(xi) International Symposium on Pakistan Hydropower Development in Global Perspective (14th February 2022)

(xii) SDPI: Inception Meeting of "Network for Clean Energy Transition (NCET) - (29th December 2021)

(xiii) BOI - Pak-US Investment Webinar (16th December 2021)

(xiv) WB VRE Competitive Bidding Virtual Workshop (14th December 2021)

(xv) SKENS: 8th Industrial Boilers & Pressure Vessel Conference (30th November 2021) - MD PPIB participated as Chief Guest

(xvi) Workshop Organized by the Danish Energy Agency (29th November 2021) - MD PPIB participated as Key Note Speaker

(xvii) Parliamentary Dialogue on AJ&K and CPEC (13th November 2021) - MD PPIB participated as Panelist

(xviii) PGREF Working Group II (11th November 2021) - MD PPIB participated as Key Note Speaker

(xix) Pak-Korea Infrastructure Business Forum 2021 (5th November 2021)

(xx) Energy Update: International Conference on Hydropower Pakistan 2021 (27th October 2021) - MD PPIB participated as Guest of Honor

(xxi) Seminar on CPEC (21st October 2021)

(xxii) US - Pakistan Energy Dialogue (22nd September 2021) - MD PPIB participated as Panelist

(xxiii) US-Pak Climate & Environment Working Group (20th September, 2021) - MD PPIB participated as Panelist

(xxiv) Pakistan-German Climate & Energy Initiative (27th August 2021)

(xxv) Gender Equity & Energy Access Workshop - Women in Energy (2nd August, 2021) - MD PPIB participated as Panelist

(xxvi) Consultative Meeting on Electric Mobility & EV Charging Infrastructure (29th July 2021)

(xxvii) Huawei Fusion Solar Event (28th July 2021) - MD PPIB / AEDB participated as Key Note Speaker

(xxviii) REAP First International Energy Conference (14th July 2021) - MD PPIB participated as Key Note Speaker

(xxix) VRE Deployment in Pakistan - Discussion on WB Reports (13th July 2021)

(xxx) ESCAP Model for Energy Planning - SDPI-PPIB/AEDB Collaboration (9th July 2021)

(xxxi) CIICA Webinar (AEDB) (8th July 2021)

(xxxii) UNEP Asia Pacific Climate Week - "Policies for Innovating and Scaling-up Sustainable Energy" (7th July 2021) - MD PPIB participated as Panelist

Issues faced by upcoming IPP projects

There are various important bipartite and tripartite activities involved in processing of a power generation project such as tariff determination, land acquisition, generation license, environmental clearance, Implementation Agreement (IA), Power Purchase Agreement (PPA), Water Use Agreement (WUA), Coal Supply Agreement (CSA), Transmission Services Agreement (TSA), Fuel Supply Agreement (FSA) etc. which are interdependent on each other and if this cycle of activities is disrupted by any single activity, it impacts on the overall chain thus disturbing the project timelines. In view of the above, although PPIB achieved significant progress in advancing and implementing upcoming IPPs, however, some potential force 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
720 MW Karot Hydropower Project Under CPEC	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. The Company requested for extension in RCOD for 309 days, however, CPPA-G Board has approved extension in RCOD for 237 days (i.e. upto 22nd August 2022)	PPIB took up the matter with CPPA-G and NTDC for extension in RCOD. PPIB was involved in evaluating the impact of COVID-19 pandemic. In this regard a Staggering Report calculating possible delay in projects was also prepared. Within the extended RCOD by CPPA-G Board i.e. 22nd August 2022, KPCL achieved COD of the project on 29th June 2022.
884 MW Suki Kinari Hydropower Project Under CPEC	(i) NTDC was required to procure and install shunt reactors for this project. However, NTDC advised the project company to procure the same. Due to change in scope, associated risks and rights and obligations of the parties, the project company was hesitant to accept it. The issue between NTDC and the Company could not be concluded till June 2022 (ii) 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. (iii) 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.	(i) PPIB conducted follow-ups, highlighted the matter with relevant departments. Various meetings were conducted however, the issue could not be resolved till June 2022. (ii) 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. (iii) Due to outbreak of COVID-19, construction activities of the project have adversely been affected including engineering, procurement and human/personnel resource etc. Project company as well as NTDC issued COVID-19 FME. PPIB has been advising the project company to employ mitigation measures as provided under Section 13.3 of IA (Duty to Mitigate) in order to minimize the impact of COVID-19 in project construction activities and provide complete detail of alleged events and circumstances (including

	(iv) 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.	effects thereof) while precisely quantifying the delay. PPIB was involved in evaluating the impact of COVID-19 pandemic. In this regard a detailed report calculating possible delay in projects was prepared. CPPA-G Board authorized to negotiate minimum 20-month extension in RCOD (expected COD 30-Nov-2024). Approval in extension of RCOD is in process. (iv) The project company filed an application for registration afresh with the Directorate through its letter dated 2nd May 2021. PPIB conducted follow ups with GoKPK and highlighted the matter in various meetings. The registration was finally completed on 24th December 2021 hence the issue has been settled.

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 in further investment in projects due to delay in payment to already commissioned IPPs under CPEC. Therefore, the Chinese lenders remained hesitant to provide financing. Despite efforts of GoP entities, the issue remained unresolved till 30th June 2022. (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	(i) PPIB assisted Power Division for coordination through MoPD&SI with Chinese counterpart. Moreover, materialized inclusion of Sinosure issue as an agenda of 7th EPEP and 9th JEWG meetings under CPEC. GoP also initiated process of opening revolving account. (ii) PPIB extensively coordinated with all concerned entities at federal and GoAJ&K level and finally consensus was reached that GoAJ&K will do legislation for WHT on OSC @ 1% fix & final liability through Finance Bill 2022-23.

700 MW Azad Pattan Hydropower Project Under CPEC	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 expressed reluctance to adopt the tax rate reduction. The issue could not resolve till 30th June 2022. (iii) Company has deposited PKR 2.72 Billion to GoAJ&K and GoPunjab. Awards of private land in AJ&K and Punjab side completed. Possession of land could not be completed on both sides. Denotification of reserved forest land and notification of alternate forest land on Punjab side could not be realized till 30th June 2022. (iv) NEPRA in March 2022 granted conditional approval to the ECC approved and subsequently executed Tripartite Power Purchase Agreement (TPPA)- the core commercial documents.	(iii) Extensive follow up continued from PPIB side with relevant entities of GoAJ&K and GoPunjab. (iv) PPIB reviewed and submitted its comments to CPPA-G on conditions levied by NEPRA. The issue could not be settled till 30th June 2022.

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 2022.	(i) PPIB assisted Power Division for oordination through MoPD&SI with Chinese counterpart. Moreover, materialized inclusion of Sinosure issue as an agenda of 7th EPEP and 9th JEWG meetings under CPEC. GoP also initiated process of opening revolving account. (ii) PPIB extensively coordinated with all concerned entities at federal and GoAJ&K level and finally consensus was reached that GoAJ&K will do legislation for WHT on OSC @ 1% fix & final liability through Finance Bill 2022-23.

Project Description	Issues faced by project	Actions taken by PPIB
	(iii) The process of land acquisition for total 8600 kanal and lease to the project company remained very slow on part of AJ&K. Though the KHCL had paid Rs. 1.53 billion for 4607 kanal yet its award/possession could not be made by GoAJ&K and price assessment of remaining land was also delayed. Moreover, GoAJ&K in year 2020, Introduced a new Act for land acquisition (LAA 2020). Therefore, the land acquisition process went on hold due to delay in resolution of the issue about applicability of LAA 1894 versus LAA 2020. The issue of land acquisition could not be completed till 30th June 2022.	(iii) PPIB followed up, however land acquisition could not be completed till 30th June 2022.
	(iv) NEPRA in March 2022 granted conditional approval to the ECC approved and subsequently executed Tripartite Power Purchase Agreement (TPPA)- the core commercial documents.	(iv) PPIB reviewed and submitted its comments to CPPAG on conditions levied by NEPRA. The issue could not be settled till 30th June 2022
	(v) In order to settle inter alia the environmental flow issue, ECC decided to include STPs and WBs as integral part of the Project & its cost to be approved by NEPRA. In light of ECC decision, GoP, GoAJ&K and project company entered into Tripartite Agreement on 25-6-2020. The project company filed cost approval petition for STPs through CPPA-G before NEPRA. NEPRA in its determination dated 1-3-2022 did not allow addition in cost for STPs. Company filed review motion through CPPA-G. NEPRA conducted hearing on 21-6-2022. However, this issue could not be resolved till 30th June 2022.	(v) PPIB supported inclusion of STPs cost in the project cost so that project company could achieve financial closing.

Project Description	Issues faced by project	Actions taken by PPIB
640 MW Mahl Hydropower Project	The CPPA-G advised PPIB not to process this project further till the approval of IGCEP. IGCEP 2021-30 approved by NEPRA did not include this project in committed category. Therefore, issuance of LOS could not take place till 30th June 2022.	Data sent again for consideration in IGCEP 2022-31 whose approval remained awaited till 30th June 2022.
82.5 MW Turtonas-Uzghor Hydropower Project	Issuance of LOS delayed due to non-availability of approved IGCEP up to June 2021.	PPIB continued putting its efforts for appropriate placement in IGCEP future iterations through its view point and comments/ views.
450 MW Athmuqam Hydropower Project	After approval of Feasibility Study (FS), the project sponsors submitted tariff proposal to CPPA-G for onward submission to NEPRA. CPPA-G returned the FS tariff proposal with the plea that it cannot further process till inclusion of project in committed category of NEPRA's approved IGCEP. IGCEP 2021-30 approved by NEPRA did not include this project in committed category.	Data sent again for consideration in IGCEP 2022-31 whose approval remained awaited till 30th June 2022. In parallel, PPIB supported processing of FS tariff proposal with the view to create a pool of projects with all commercial & technical details ascertained, established & approved by NEPRA for inclusion in IGCEP's future iterations on merit basis in timely manner and to retain interest of investors as well.
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 project company as the standardized drafts are to be approved by ECC.	After drafting the standard agreements for small hydropower projects (Security Package), the process for soliciting approval of ECC/CCOE is being initiated through Power Division.
7.08 MW Riali-II Hydropower Project	(i)The project agreements i.e. GOP IA, GoAJ&K-IA and GoAJ&K Water Use Agreement (WUA) could not be reviewed, negotiated and finalized by the project company as the standardized drafts have to be approved by the ECC first. (ii) Due to non-availability of approved standardized Project Agreements for SHPPs under the Power Generation Policy 2015, the project company requested for extension in Financial Close for one (1) year.	(i) After drafting the Standard Agreements for Small Hydropower (Security Package), the process for soliciting approval of ECC/CCOE was initiated through Power Division. Draft of Security Package is under consideration/review of CCOE. (ii)The matter of extension in the LOS of Riali-II HPP was considered in Board meeting and PPIB Board approved the extension in the LOS of Riali-II HPP on 21st June 2022.

	(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 project company.	(iii)The issues of ROW of existing/redundant 33 kV transmission line, System Operator and back-to-back agreement to be signed between CPPA-G and PESCO were considered and meetings of stakeholders (CPPAG, PESCO and AJ&K Electricity Department) were convened to resolve the issues. For the ROW issue, the project company, Electricity Department (AJK&K) and PESCO convened a meeting wherein it was unanimously decided that a fresh joint survey will be conducted by the representative of Electricity Department AJ&K and consultant of Riali-II HPP to finalize rout and ROW for construction and connectivity of Riali-II HPP through 33 kV line with 132 kV Grid Station Muzaffarabad
	(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.	In last meeting held on 18th May 2022 in PPIB office, PESCO was requested to expedite the process for decision on the issue of system operator so that issues may further be taken up with higher authority for timely resolution. PESCO will finalize the decision on the issue of assigning the role of system operator and setting up of PESCO's own control center in compliance with the direction of NEPRA issued through its letter No.NEPRA/DG(M&E)/ LAD-11 dated 2nd October 2019) to act as system operator for the transmission line.
300 MW Ashkot Hydropower Project	PPIB in November 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. IGCEP 2021-30 approved by NEPRA did not include this project in committed category.	Data sent again for consideration in IGCEP 2022-31 whose approval remained awaited till 30th June 2022.

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	Project Company invoked Article XIII of the Force Majeure in IA owing to outbreak of COVID-19 pandemic.	CPPA-G Board accorded extension in RCOD for a period of 237 days on account of OFME under the PPA and project company is expected to achieve COD till September 2022.
	Project Company invoked Article XIII of the Force Majeure in IA owing to outbreak of COVID-19	CPPA-G Board has accorded extension in RCOD on account of OFME under the PPA and project company has expected to achieve its COD till December 2022.
1320 MW Thar coal-based Shanghai Power Project	TCB-1 requested for declaration as an Essential Service by way of notification duly issued by relevant authority in official gazette in term of section 3(1) of the Pakistan Essential Services (Maintenance) Act 1952, in order to achieve its Financial Close.	PPIB is taking up the matter with Power Division for inclusion of TCB-1 in Essential Services pursuant to clause 6.1 (A) of the IA
	Delay in approval of Undertaking letter from NTDC, TCB-1 has submitted undertaking letter to NTDC through CPPA-G for the interconnection equipment such as 500kV ABB GIS whose type tests were scheduled after their factory acceptance test which is based on precedent cases in some other power projects, however NTDC's approval is awaited, due to vacant position of MD NTDC.	PPIB is taking up the matter with Ministry of Energy Power Division to direct NTDC to resolve this issue.
300 MW Imported Coal based Gwadar Power Project	300 MW Gwadar Coal Power Project is facing delays on account of financial issues with lenders and Sinosure. Construction at site is suspended since September 2021, and the project company has requested for extension in FC date up to 28th February 2023 and change in RCOD.	PPIB Board in its meeting held on 21st June 2022 has approved an extension in FC till 31st December 2022 and decided to substitute imported coal with Thar coal.
	On account of delays faced by Gwadar coal power project, it is necessary that all alternate options including solar, wind, import of electricity from Iran, should immediately be looked into to meet electricity requirements of Gwadar, immediately.	Furthermore, PPIB has requested Power Division to convene a meeting of stakeholders, to deliberate on various options for earliest supply of reliable electricity at affordable price to Gwadar and Makran region, so that development of Gwadar may not be stalled.

Project Description	Issues faced by project	Actions taken by PPIB
1320 MW Huaneng Shandong Ruyi (Pak) Energy (Pvt) Ltd	Delayed payments from CPPA is hampering the pace of project. HSREL is facing issues with regards to Royalty Settlement among NEPRA, Port Qasim Authority and IPP and Freight Settlement among NEPRA, Pakistan Railways and IPP.	PPIB requested CPPA, to release payments of all undisputed invoices at the earliest. PPIB convened meeting of the stakeholders and presented two options which have been rejected by PQA. Furthermore, Secretary Railways wherein a working group of PRFTC and HSREL was formed for resolution of the issue. The matter was partially resolved and still required settlement on various issues amongst the parties.
1320 MW Port Qasim Electric Power Co (Pvt) Ltd	Delayed payments from CPPA is hampering the pace of project. Inability to Import Indonesian Coal, PQEPCL is unable to procure Indonesian coal because of non-payment of outstanding dues of its coal suppliers amounting to USD 160 Million.	Delayed payments from CPPA is hampering the pace of project. Inability to Import Indonesian Coal, PQEPCL is unable to procure Indonesian coal because of non-payment of outstanding dues of its coal suppliers amounting to USD 160 Million. PPIB has taken up the matter with CPPA to release all undisputed payments of PQEPCL at the earliest.

Role in implementation of E-governance

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

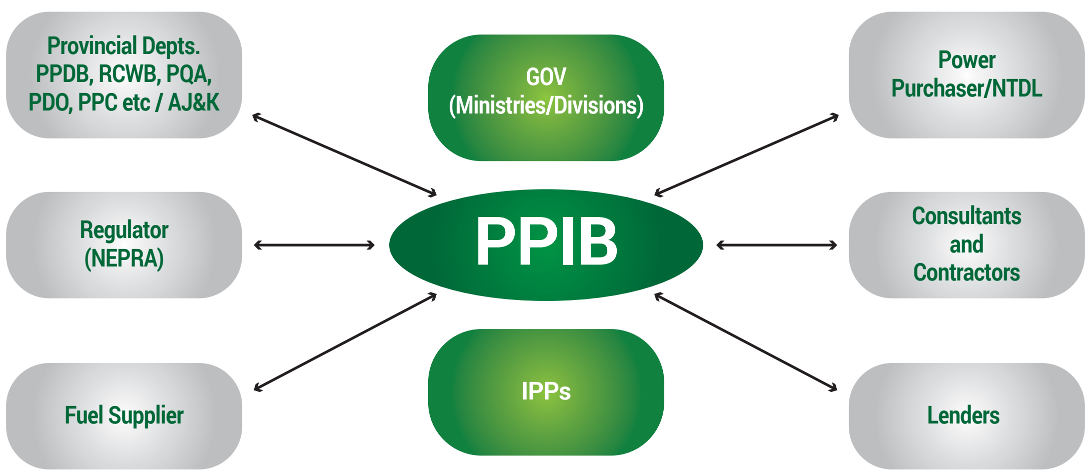
Private Power and Infrastructure Board's Profile

a) Private Power and Infrastructure Board's Profile

The 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

RLE OF PPIB - ON WINDOW FACILITATOR



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, law, HR & IT is presently housed in PPIB.

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

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

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

b) Functional Organogram

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

- **Projects Sections**

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

- **Finance & Policy Section**

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

- **Law Section**

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

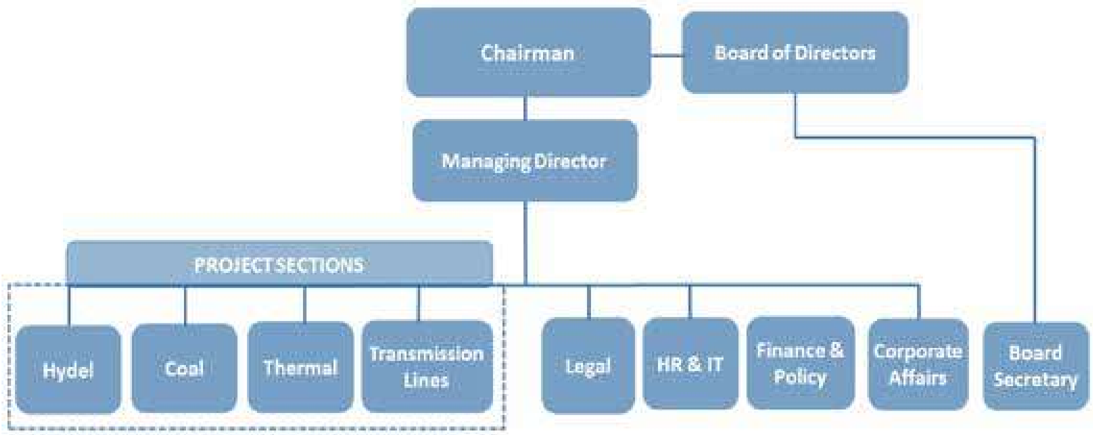
- **Corporate Affairs Section**

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

- **HR & IT Section**

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

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



c) Board of Directors

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

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

d) Committees of the Board

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

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

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

e) Management Team

- Mr. Shah Jahan Mirza, Managing Director
- 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 2021-22, three meetings of the PPIB Board were held under the chairmanship of Secretary, Ministry of Energy (Power Division), who was designated as Chairman to preside over meetings of the Board of PPIB by the Federal Government. Brief on key decisions taken during 133rd to 135th meetings of the Board are as follows:

• 133rd Meeting held on 05th August 2021

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

- *1124 MW Kohala Hydropower Project for further 15 months to complete remaining pre-requisites*
- *1,320 MW Thar Coal Power Project By M/S. Thar Coal Block-I Power Generation Company Private Limited (TCB-I) up to 31st December 2021*

(ii) The PPIB Board approved grant of No Objection to WUA to TCB-1 under Implementation Agreement.

(iii) The PPIB Board approved that PG of FEL may be returned (without encashment) as there was no default attributable to FEL.

(iv) The PPIB Board approved PPIB's Annual Operating Budget and Capital Expenditure Budget for financial year 2021-22.

(v) The PPIB Board approved appointment of M/s A. F. Ferguson & Co. as external Auditors of PPIB for five years term starting from the year ending 30th June 2021 to 30th June 2025.

(vi) The PPIB Board approved amendments in PPIB Fee & Charges Rules-2021 together with revised Schedule.

(vii) The PPIB Board approved;

a) the execution of the project specific amendment to the Implementation Agreements and Guarantee;

b) the draft consent letter to be sent to CPPA-G.

• 134th Meeting held on 27th September 2021

(i) The PPIB Board approved:

a) Gas Depletion Mitigation Option (GDMO) / Gas Depletion Mitigation Plan (GDMP) of Engro Powergen Qadirpur Limited.

b) NTDC and CPPA-G shall provide despatch modelling and sensitivity analysis for plant operation on comingled R-LNG with available permeate gas for 10 years, which will be reviewed by the Chairman in the Projects Committee of PPIB Board and thereafter an ECC Summary will be submitted to the GOP for its approval of GDMP/GDMO, through Power Division.

(ii) The PPIB Board allowed Laraib Energy Limited to procure working capital facilities up to PKR 01 Billion through creation of secured interest over its receivables and current assets, subject to submission of an Undertaking as per format prescribed by PPIB.

(iii) The PPIB Board approved final extension for three (3) months in financial closing date to 330 Mw Thar Coal Power Project by M/s Siddiqsons Energy Limited (SEL).

(iv) The PPIB Board decided as under in respect of role of PPIB as an Independent Auction Administrator ("IAA") for the Competitive Trading Bilateral Contract Market ("CTBCM")

a) The PPIB Board approved the draft Registration Application with the direction that the draft should be suitably amended to reflect necessary adjustments in CAPEX covering additional expenses on new employees, infrastructure, such as building, furniture, laptops, data center, etc.;

b) The PPIB Board further directed that although rules and regulations for registration of entities providing electric power services are yet to be framed by Federal Govt./NEPRA, PPIB as per its task under Implementation Road Map for CTBCM must file the registration application at the earliest under Section 25A of the NEPRA Act with the provision that additional documents/data/information may be supplied if so required under the such rules and regulations.

• 135th Meeting held on 21st June 2022

(i) The PPIB Board granted extension in financial closing date of following projects;

- *1,320 MW Thar Coal Power Project By M/s Thar Coal Block-I Power Generation Company Private Limited (TCB-I) up to 31st December 2022.*
- *700.7 MW Azad-Pattan Hydropower Project for a further 12 months period*
- *7.08 MW Riali-Ii Hydropower Project for a period of 12 months i.e. from 14th April 2022 to 13th April 2023*
- *300 MW Imported Coal Power Project at Gwadar, Balochistan up to 31st December 2022*

(ii) The PPIB Board approved:

a) Extension in RCOD of ThalNova Power Thar Private Limited upto 30th June 2022

b) Approval of 2nd amendment to Implementation Agreement of ThalNova Thar Power Private Limited

c) The matter regarding extension in RCOD of TEL, submitted for information of the Board was acknowledged by the PPIB Board.

(iii) The PPIB Board decided that;

(a) Court case filed by SEL should be vigorously pursued and once the stay order is vacated, bank guarantee of SEL should be encashed.

(b) PPIB Law Section shall not be given performance bonus for current year.

(iv) The PPIB Board provisionally approved budgeted expenses till finalization of recommendations by Audit & Finance Committee and thereafter final approval of the PPIB Board.

(v) The PPIB Board approved 10% adhoc relief allowance for all PPIB employees with effect from 1st July 2022.

Role of PPIB
in Power Sector

PPIB has already achieved commissioning of 42 IPPs, with cumulative capacity of 18,931 MW. The fuel mix is oil 25.4%, Gas 21.9%, Imported Coal 20.9%, R-LNG 19.2%, Thar Coal 7 % and Hydro 5.6%. However, pursuing the clean green vision, 20 IPPs are under process. The fuel mixes of under process IPPs is Hydro 51.2%, Thar Coal 34.1%, R-LNG 11.9% and Imported Coal 2.8%. After completion of under process IPPs the fuel mix will become Hydro 22%, Thar Coal 16.7%, R-LNG 16.6%, Oil 16.3%, Imported Coal

IPPs Status / Fuel	Commissioned IPPs	Under Process IPPs	Commissioned + Under Process IPPs
Oil	25.4%	-	16.3%
Gas	21.9%	-	14%
Imported Coal	20.9%	2.8%	14.4%
R-LNG	19.2%	11.9%	16.6%
Thar Coal	7%	34.1%	16.7%
Hydro	5.6%	51.2%	22%

Primarily PPIB has been entrusted with following tasks;

1. One-window facilitator/one-stop organization on behalf of GoP to promote, encourage, facilitate and safeguard private investment in power sector
2. Facilitates GOP in development and Implementation of Power Policies
3. Development and implementation of power projects and related infrastructure in private sector, public –private partnership and specific public sector projects
4. Approves Power Generation (IPPs) and Transmission Line Projects
5. Executes Implementation Agreement on behalf of President of Pakistan
6. Issues GoP guarantees against payment obligations of Power Purchaser
7. Acts as agent for development, facilitation and implementation of power projects and related infrastructure in GB and AJ&K
8. Coordination with the provincial governments, local governments, government of AJ& K and regulatory bodies in implementation the power policies / projects
9. Coordinates and facilitate sponsors in obtaining consents and licenses from various federal, provincial, AJ&K and local governments
10. Coordinates / liaisons with local and international banks and multilateral Institutions.

To meet its energy needs, every country uses types of fuels available to it. Fossil fuel dominates energy mix at global level. Pakistan's scenario is no different from rest of the world. Pakistan is producing limited percentage of oil to meet the overall demand of the country. The indigenous oil production is constrained by technological, technical and financial constraints. This necessitates import of crude oil and other oil products in large quantities to meet significant share of the total demand. Higher oil prices in the global market and depreciation of the Pakistani Rupee has made oil more expensive. The scarce natural gas reserves of the country are quickly depleting due to substantial increase in the demand for gas, putting huge pressure on the limited natural gas reserves of the country.

Coal is also used for electricity generation in Pakistan. Thar has the largest coal reserves in the country which has been actively developed in recent years. The first Thar coal-based power generation plant, having capacity of 660 MW, became operational in the first quarter of FY2020. Currently, the overall electricity generation from coal has reached 5280 MW. Thar coal is contributing 1,320 MW, while imported coal contribution in electricity generation is 3,960 MW which is around 75 percent of the total electricity generation from coal in the country. Electricity generation configuration is relying heavily on the imported coal and this trend is likely to change as units based on the Thar coal field are added to the electricity generation mix.

Pakistan is very rich in hydropower and has the enormous potential to generate electricity from water. The estimated total hydropower potential of Pakistan is around 60,000 MW. The high investment cost for the installation of hydropower plants, development of electricity transmission network and resettlement of the affected population are few reasons for hydropower not being exploited to its full capacity. Currently, the installed capacity of hydropower plants is 10,251 MW which is around 25 percent of the total installed capacity.

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

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

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

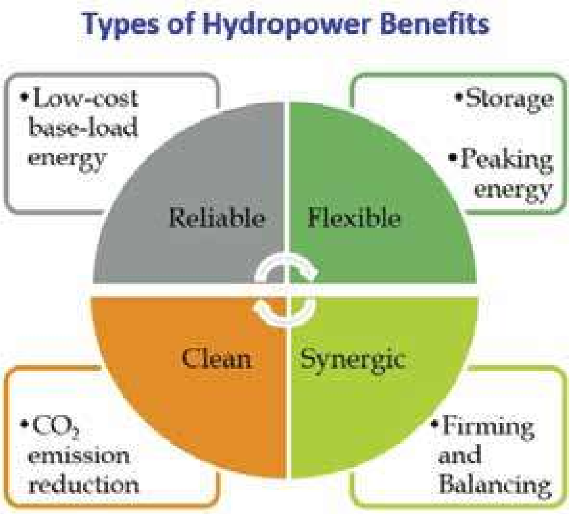
PPIB shall assume the role of IAA to facilitate DISCOs in procuring new generation capacity through competitive auction process, prepare procurement plan based on capacity obligation of DISCOs and input of IGCEP, facilitate DISCOs in execution of security documents with generators and issuance of government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

Implementation of Hydro Power IPPs

Hydropower is an important renewable energy resource; however, its development is accompanied with environmental and social issues. Degradation of the environment and climate change can negatively impact hydropower exploitation. 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. With global climate change, although globally the hydro 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.

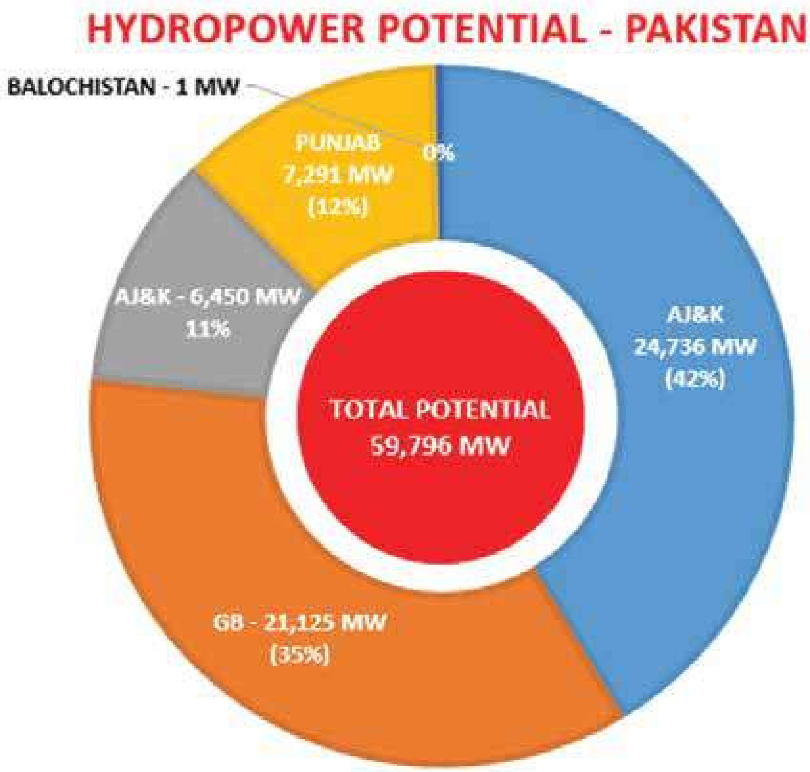
Pakistan's dependence on RFO, RLNG, coal and natural gas in the overall energy-mix is on decline which may be attributed to depleting natural gas reserves as well as introduction of RLNG since 2015, while RFO, RLNG and imported coal being expensive fuels. On the other hand, the share of hydro and nuclear 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.



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**



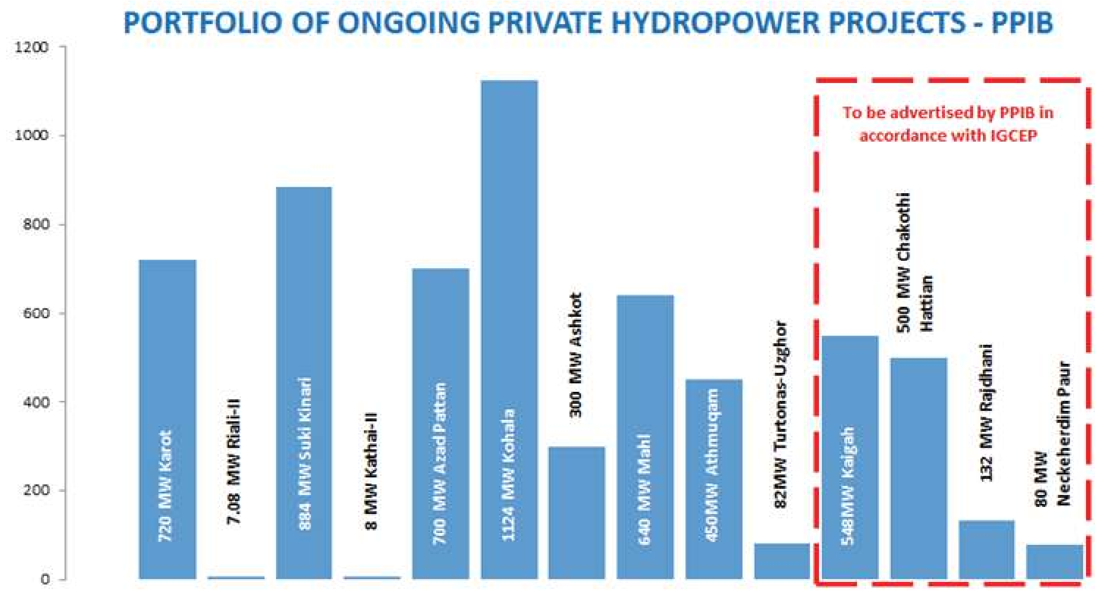
In Pakistan, so far 10,581 MW have been tapped out of an identified hydropower potential of 64,000 MW which is 17.7 % of the total potential from which contribution of public sector is 9,389 MW (15.64%) while private sector share comes to 1,053 MW (2.02%).

PPIB being a key organization of the GoP for mobilization of private investment in power sector, is playing important role in tapping maximum potential through private sector. Since new projects on oil and other imported fuels for power generation are not being processed anymore, hydropower contribution in the national energy-mix would witness significant growth in future. Since commissioning of four projects of 1053MW by PPIB till now, several projects have reached at advance stages of development which mainly include 884 MW Suki Kinari, 1124 MW Kohala and 700 MW Azad Pattan hydropower projects which are being expedited by PPIB for early commissioning. Overall, PPIB's portfolio of active hydropower projects comprises fourteen (14) projects of 6,175 MW. Pakistan's energy-mix for the period up to June 2022 is illustrated below along with the comparison of PPIB's achieved energy-mix with the planned mix as per its portfolio.

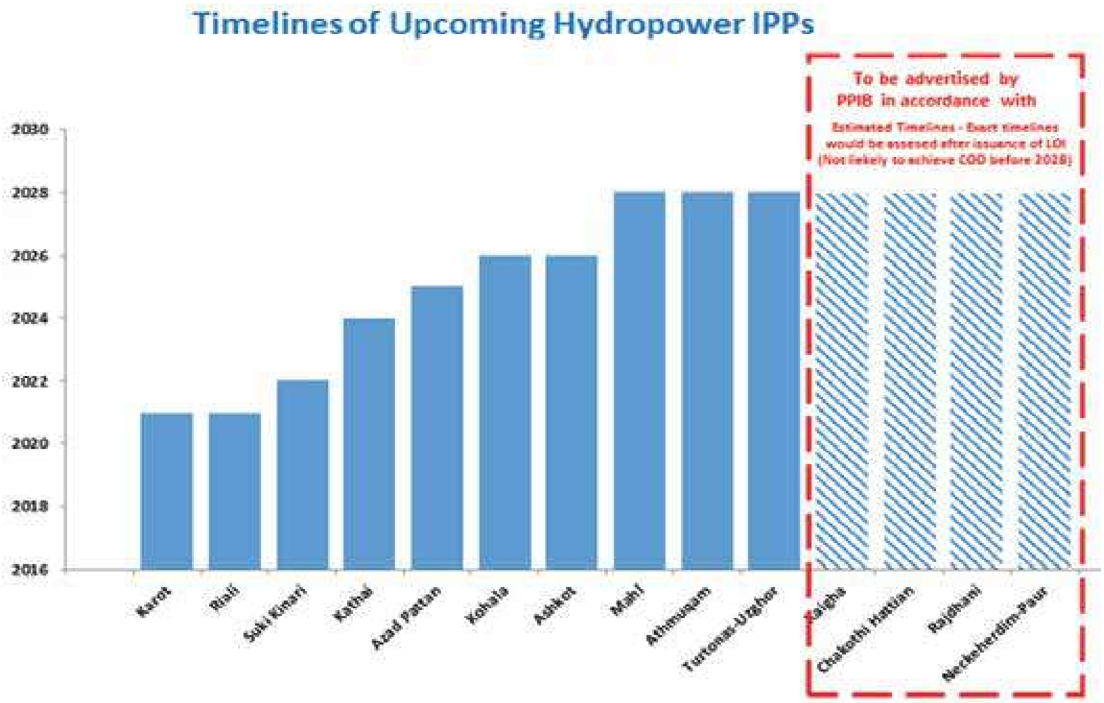
Some new hydropower projects are lined-up to be initiated by PPIB in accordance with the IGCEP which represents the first complete iteration of an integrated planning exercise for the power sector of the country and will be revised every year on the basis of ground realities including growth trajectory, 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 LOS regime. Through this arrangement, a tri-partite LOS will be issued to the projects sponsors/companies and PPIB will facilitate them in establishing private power projects and related infrastructure through signing Implementation Agreement and issuing GoP Guarantee under the provisions of Power Generation Policy 2015. This initiative will attract and encourage potential investors in developing small to medium size hydropower power projects in the country.

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



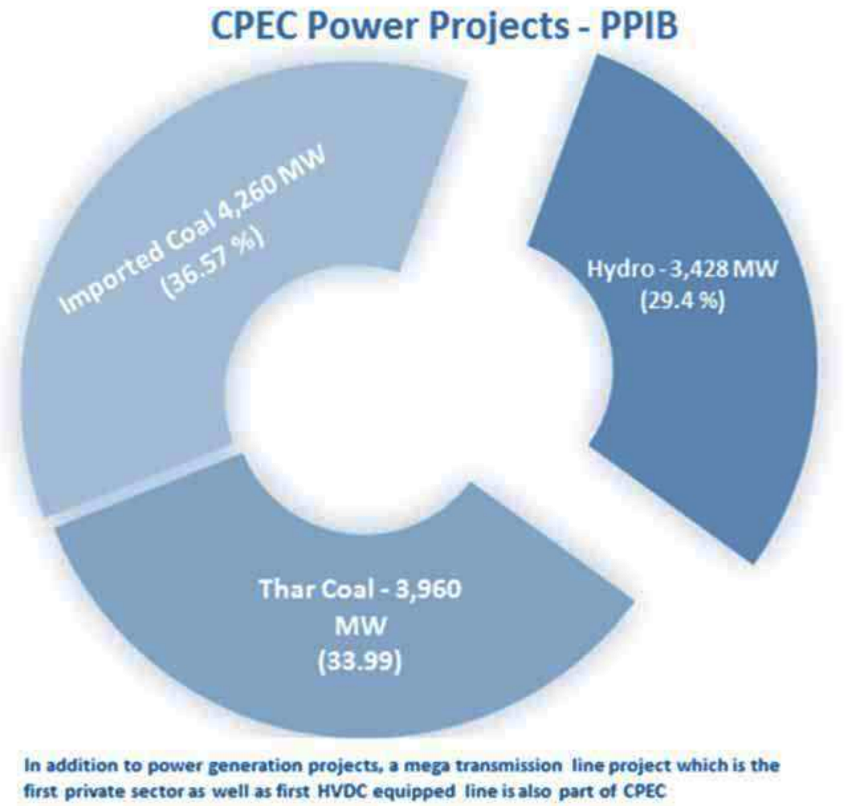
The ongoing hydropower projects are planned to be completed by 2028, however, the COIVD-19 factor may slightly impact on these timelines which may be determined after substantiating the impact of the crisis.



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. Out of these (4) four projects, one project of 720 MW is in operation, one project of 884 MW is at advance stages of construction while remaining two projects of 1,824 MW are about to achieve financial close after which construction work on these projects will start. PPIB in collaboration with provincial and federal stakeholders, is proactively working 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)	Current Status
Karot	Kunhar River, Mansehra, KP	884	1707.7	Under construction
Suki Kinari	Jhelum River/ Kohala, AJ&K	1,124	2,408	Under financial closing
Kohala	Jhelum River/ Sudhnoti, AJ&K	700.7	1,350	Under financial closing
Azad Pattan				
	Total	**2708.7**	**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
3 Projects	-	2 Projects	1 Project	-1 Project
3,3567 MWT	-	1,824 MW	884 MW	720 MW

Due to prompt, efficient and expert facilitation, various hydropower IPPs have succeeded in accomplishing various milestones during the financial year 2021-22. 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 30.06.2022
1.	Karot	720	Commissioned
2.	Suki Kinari	884	Under construction
3.	Riali-II	7.08	Under FC
4.	Kathai-II	8.00	Under FC
5.	Azad Pattan	700.7	Under FC
6.	Kohala	1124	Under FC
7.	Ashkot	300	Under evaluation*
8.	Mahl	640	Under LOI*
9.	Athmuqam	450	Under LOI*
10.	Turtonas-Uzghor	82.25	Under LOI*
11.	Kaigah	548	To be advertised subject to inclusion in IGCEP
12.	Chakothi-Hattian	500	
13.	Rajdhani	132	
14.	Neckeherdim-Paur	80.0	
Total (MW)	**Total (MW)**	**6239.75**	* Further development is subject to inclusion in IGCEP committed/optimized category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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%.

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
EPCTariff:	Rs.7.7370kWh i.e US Cents 7.6152/kWh, 1USD=PKR 101.60.
Applicable Policy:	Policy for Power Generation Projects 2002

Issuance of LOS:	29.08.2013
FC Date:	22.02.2017
River Closure:	22.09.2018
Commercial Operation	29.06.2022

- The Project has been commissioned successfully on 29th 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$ 1707.7 million
EPCTariff:	Rs. 8.5853/kWh
Applicable Policy	Policy for Power Generation Projects 2002

Key milestones achieved:

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

Current Status:

Construction activities at site are going at full pace. The construction period of the Project is six years. So far, 81.10% construction work has been completed however some delay is being expected due to COVID-19 pandemic.

Kohala Hydropower Project

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

Salient features of project are as follows:

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

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year:

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

Current Status:

For declaration of Financial Closing by PPIB, the project is striving for achievement of various critical milestones as outlined above. However, this project is facing delays due to various factors which mainly include reluctance of Sinosure and delay in land acquisition. Kohala hydropower project is set to be commissioned by March 2029.

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 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. 7.52/kWh
Applicable Policy	Policy for Power Generation Projects 2002

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year:

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

Current Status:

For declaration of Financial Closing by PPIB, the project is striving for achievement of various important milestones as outlined above. Delay in land acquisition and Reluctance of Sinosure are major factors which is affecting the progress. Azad Pattan project is set to be commissioned by September 2028.

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	Policy for Power Generation Projects 2002

Key milestones achieved:

Issuance of LOI:	21.10.2014
Approval of Feasibility Study:	24.01.2017
Approval of Grid interconnection Study:	29.12.2017
Feasibility Stage Tariff Determination	30.10.2019
Environmental NOC (KPK):	09.08.2019
Execution of TPPA Schedules:	29.06.2021

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 2030, however delay in approval of IGCEP is affecting the project development.

450 MW Athmuqam Hydropower Project

The 450 MW raw site Athmuqam Hydropower Project is identified to be located on river Neelum (in the river stretch from Ashkot up to Dudhnial), AJ&K, in accordance with 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	Power Generation 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 inclusion as optimized project in IGCEP approved by NEPRA).

Current Status:

PPIB is targeting to complete this project by December 2030, however delay in inclusion as optimized project in 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	Power Generation Policy 2015

Key milestones achieved:

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

Major Activities Planned for Next Fiscal Year:

- Feasibility Stage Tariff approval by NEPRA (Decision on Review petition)
- 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. PPIB is targeting to complete this project by December 2030, however delay in inclusion as optimized project in IGCEP may affect the project development process timelines.

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 is being implemented on BOOT (Build, Own, Operate and Transfer) basis under Power Generation Policy 2015 with a concession period of thirty years after the construction period of three years.

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	Power Generation 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
Amendment No.1 to TLOS (Extension in LOS):	07.09. 2021

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	Power Generation Policy 2015

Key milestones achieved:

Issuance of LOI by GoAJ&K	06.06.2012
Approval of Feasibility Study:	09.11.2016
EPC Stage tariff Determined by NEPRA:	22.11.2018
Approval of PPIB Board for issuance of LOS:	06.05.2019
Issuance of LOS (Tripartite LOS) by PPIB:	20.11.2019
Amendment No.1 to TLOS (Extension in LOS):	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, however delay in approval of Project Agreements is affecting the project development.

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 up to approximately 1263 GWh per annum.

Implementation of Coal Based IPPs

Implementation of Coal Based IPPs

The GoP is encouraging indigenous resources for power generation. Accordingly, 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 has become the priority choice for power generation purposes.

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.

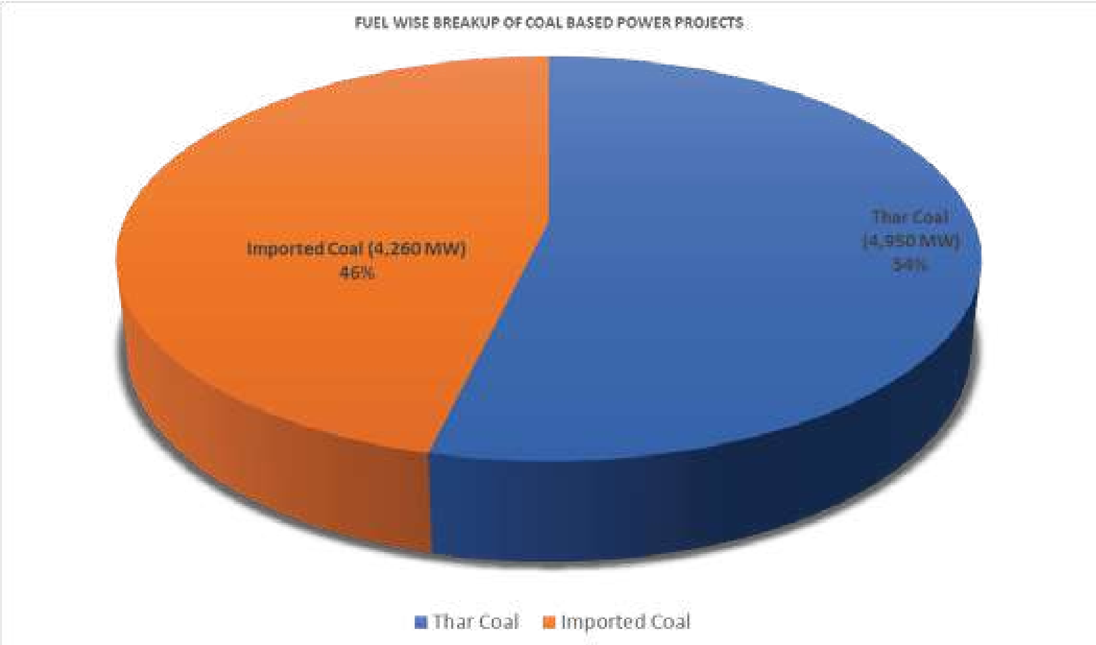
Undoubtedly, imported coal plants have proved useful in bringing in the required technology in the country, thus working as a catalyst to develop local coal-based projects. Furthermore, they have improved the local capacity to manage Thar coal supply chain and its utilization for power generation. The 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 SOX while adhering to strict criterion set by World Bank and achieving values much below the national environmental quality standards.

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

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

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	Commissioned
10	Oracle Coal Power Project	1,320	Thar Block-VI, Sindh	Proposal under evaluation
Total Local Coal		**4,620**		
TOTAL		**8,880**		

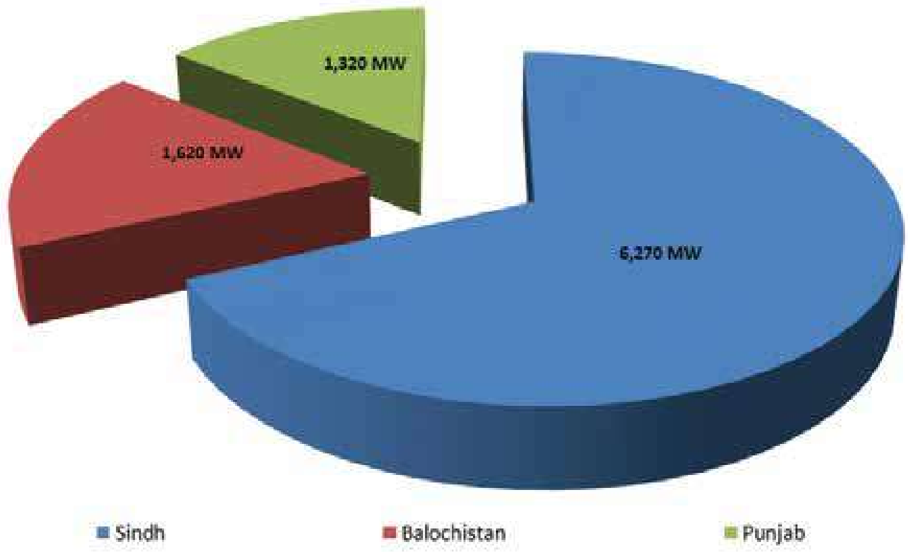
With exhaustive and enthusiastic endeavours of PPIB and help of all stakeholders beginning from the Power Division, federal & provincial entities and CPEC Secretariat, four coal-based power projects in private sector (1320 MW Sahiwal power project ,Punjab, 1320 MW at Port Qasim Karachi,Sindh, 1320 MW power project at Hub, Balochistan and 660 MW Thar coal project at Block-II Sindh) under the CPEC regime have accomplished commercial operations 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 IPPs under 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.



Additionally, four (04) more projects (four on Thar coal), with a cumulative capacity of 2280 MW are planned to be commissioned up to year 2025. 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) is also being given due importance by all project sponsors by developing social sector in Thar area. These sponsors are coordinating with various NGOs, UN offices, private organizations and government departments for carrying out various CSR activities in Thar area which include education, health, livelihoods, water supply and skill. The lives of Thar locals are on course to improvement by the efforts of both public and private sector entities in addition to boosting country's economy by tapping world's seventh largest coal reserves (175 Billion tons of Lignite coal at Thar) for power generation.

PROVINCE WISE BREAKUP OF COAL BASED POWER PROJECTS



During FY 2021-22, total 26,982.69 GWh electricity has been generated using coal as compared to 28,000.78 GWh during FY 2020-21 showing a decrease of 1,018.09 GWh. The coal-based electricity generation included 26,576 GWh in CPPA-G area and 406.59 GWh in KE area. The share of coal-based electricity generation in total thermal generation during FY 2021-22 remained 28.99% while the share of the same during FY 2019-20 and FY 2021-22 was 32.13% and 31.59% respectively.

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

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

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

Salient features 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	Power Generation 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.

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

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

For the purpose of coal unloading, berths have been constructed at Marginal Wharf 3 & 4 at Port Qasim, Karachi. This facility is being used for coal handling of the subject project, which is transferred to project site through special railway track arrangements. This project 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	Power Generation 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. 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	Power generation 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. 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
Location:	Gwadar, Balochistan
Capacity:	300 MW
Fuel:	Imported Coal
Project Cost:	US$ 400 million
Tariff:	Rs. 8.1227/KWh
Applicable Policy	Power Generation Policy 2015

Key milestones achieved:

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

Current Status:

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. PPIB Board has also decided to substitute imported coal with Thar coal.

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	Power Generation 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 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	Power Generation 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 September 2022. The project construction was The project is set to be completed by September 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	Power Generation 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 December 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 83.01% construction work completed.

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	Power Generation 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 company is in the process of Financial Closing. Presently, 88% construction works have been completed through equity.

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	Power Generation 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 started its Commercial Operations from 21st March 2022 and presently supplying electricity to the national grid.

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 production in spite of different challenges including the issue of '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. The GoP while assigning high importance to resolving this issue, is working on various options to reduce the circular debt.

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

With regards to thermal generation, PPIB is administrating seventeen thermal (Oil and Gas/R-LNG) based power projects with a cumulative capacity of 7,832 MW under 2002 and 2015 power generation policies. Out of these, sixteen power projects have successfully been operating whereas one project is under construction. Brief account of major activities during 2021-22 related to Thermal Section, list of thermal projects and issues being handled by PPIB in relation to these projects is as follows:

a. Thermal Power Projects under Power Policy 2002 (2936 MW):

Oil Fired Commissioned Power Projects (1210 MW)

i. 165 MW Power Project at Morgah, Rawalpindi by Attock Gen Ltd.

ii. 225 MW Power Project at Sheikhupura by Atlas Power Ltd.

iii. 200 MW Power Project in district Kasoor by Nishat Power Ltd.

iv. 200 MW Power Project in district Kasoor by Nishat Chunian Power Ltd.

v. 200 MW Power Project near Faisalabad by Liberty Power Tech Ltd.

vi. 220 MW Power Project at Narowal by The Hub Power Company Ltd.

Gas Fired Commissioned Power Projects (1726 MW)

vii. 227 MW Power Project at Qadirpur by Engro Powergen Qadirpur Ltd.

viii. 231 MW Power Project at Sahiwal by Saif Power Ltd.

ix. 229 MW Power Project at Balloki by Orient Power Company Ltd

x. 225 MW Power Project at Muridke by Sapphire Electric Company Ltd.

xi. 185 MW Power Project at Daharki by Foundation Power Company Ltd.

xii. 225 MW Power Project at Bhikki by Halmore Power Generation Co. Ltd

xiii. 404 MW Power Project at Dera Murad Jamali by Uch-II Power (Pvt.) Ltd.

b. Thermal Power Projects under Power Policy 2015 (4896 MW):

R-LNG Fired Commissioned Power Projects (3633 MW):

i. 1180 MW Power Project at Bhikki, district Sheikhupura by QATPL

ii. 1230 MW Power Project at Haveli Bahadur Shah by NPPMCL

iii. 1223 MW Power Project at Balloki, district Kasur by NPPMCL

R-LNG Fired Power Project under Commissioning (1263 MW):

iv. 1263 MW Power Project near Trimmu Barrage, district Jhang by PTPL

2. Gas Depletion Mitigation for Engro Powergen Project:

Engro Powergen Qadirpur Ltd (EPQL), a 226.5 MW combined cycle power plant near Ghotki, Sindh, 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 shared by the gas supplier (SNGPL), comingling fuel would be required to operate the plant technically, at minimum level of 90 MW, by the end of 2022.

EPQL earlier submitted a Draft Gas Depletion Mitigation Plan (Draft GDMP) proposing various options including R-LNG use with Permeate Gas; Gas supply from Sara-West Field; Status Quo (using Permeate Gas and HSD); plant conversion to RFO. After discussions and finalization of draft GDMP during the stakeholders' meetings, the GDMP was discussed by PPIB Board in its 134th meeting held on 27th September 2021 wherein the Board approved the GDMP / GDMO with R-LNG as commingling fuel and directed NTDC and CPPA-G to provide despatch modelling and sensitivity analysis on comingled R-LNG.

The analysis submitted by NTDC and CPPA G was considered by the Projects Committee in its 5th & 6th meetings held on 26th November 2021 & 26th April 2022. After discussions on detailed sensitivity analysis submitted by NTDC and the Cost Benefit / Sensitivity Analysis (2023-35) shared by CPPA-G, the Projects' Committee recommended the GDMP/GDMO to PPIB Board with R-LNG as commingling fuel for a period upto 31st December 2025 along with other terms and conditions.

The GDMO/GDMP was considered by the PPIB Board in its 135th meeting held on 21st June 2022. The Board concluded that the agenda requires further analysis and a Committee comprising representatives of Finance Division, Planning Division and MD PPIB will evaluate the EPQL's GDMP / GDMO and submit its report to the Board.

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

Punjab Thermal Power (Pvt.) Limited (PTPL) is a wholly owned company of the Government of Punjab. PPIB issued LOS 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). The Project is being developed using Siemens' air-cooled, H Class gas turbines with power plant's net efficiency of 61.16% at reference site conditions. The PPA, IA and GSA have been signed and the 220kV transmission line for power evacuation has been completed by NTDC.

Due to delays in approval and execution of Project Agreements, and non-execution / initiation of various activities owing to COVID-19 lockdown adverse implications, PTPL could not achieve FC by the deadline stipulated under the initial LOS. However, PTPL achieved the FC on 23rd April 2021.

The Project is under construction however the commissioning activities of gas turbines are delayed due to non-availability of gas / RLN-G as well as COVID-19 implications. Gas is made available to PTPL at the end of May 2022 and the commissioning specialists (Siemens) are brought back in June 2022 (who earlier left the project site due to 5th wave of COVID-19). The testing and commissioning activities of gas turbines GT-1 & GT-2 have now been resumed, with more than 88% of the Project completed. The Project is expected to achieve open cycle commissioning of gas turbines shortly and COD in combined cycle is expected by December 2022.

4. Privatization of Two NPPMCL R-LNG based IPPs

The privatization of two R-LNG based IPPs by National Power Parks Management Company (Pvt.) Limited (NPPMCL) i.e. (i) 1230 MW Power Project at Haveli Bahadur Shah and (ii) 1223 MW Power Project at Balloki, district Kasur is underway through Privatization Commission.

The debt recapitalization and refinancing of NPPMCL are in process. The Cabinet Committee on Privatization (CCoP) has constituted a Committee to discuss related issues i.e. amendments in Implementation Agreement by PPIB, Gas Supply Agreement by SNGPL, resolution of PDFL loan, and receivables of PKR 200 Billion to be brought down to industry norms by CPPA-G / Finance Division.

PPIB is in liaison with the Privatization Commission and the relevant committees and has been providing all necessary support in the context of privatization process.

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

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

Salient features of project are as follows:

Project Company	: Engro Powergen Qadirpur Limited (EPQL)
Project Sponsors	: Engro Chemical Pakistan Ltd, International Finance Corp (IFC)
Project Capacity	: 226.5 MW (Gross)
Project Location	: Qadirpur, District Ghotki, Sindh
Primary Fuel	: Permeate Gas from Qadirpur Field
Alternated / Backup Fuel	: HSD
Plant Technology	: Combined Cycle Gas Turbine
Plant Configuration	: 1 GT + 1 ST
Plant Thermal Efficiency	: 45.53% on Permeate Gas; 45.26% on HSD
EPC Contractor	: China Tianchen Chemical Engineering Corporation
Estimated Project Cost	: US$ 204.7 Million
Debt Equity Ratio	: 75: 25
Project Term	: 25 Yrs.
NEPRA Specified Tariff (PG)	: US 6.208 / kWh
NEPRA Specified Tariff (HSD)	: US 14.75 / kWh

Key milestones achieved:

Submission of Proposal	: 21st October 2005
Issuance of LOI	: 6th January 2006
Feasibility Study Approval	: 18th September 2006
Nepra Tariff Determination	: 19th July 2007
Issuance of LOS	: 10th August 2007
PPA signed on	: 26th October 2007
IA signed on	: 29th October 2007
GSA signed on	: 22nd April 2008
Financial Close achieved on	: 30th April 2008
COD achieved on	: 27th March 2010

Current Status:

EPQL achieved COD on 27th March 2010. The Plant was utilizing Permeate Gas from Qadirpur Field. However, due to depleting gas reserves, the Plant has now been operating on mixed mode, i.e. using PG & HSD. GDMP/GDMO finalized in stakeholders meeting on 16th March 2021 (R-LNG as most viable option).

PPIB Board approved GDMP/GDMO on 27th September 2021 (with R-LNG), while directing NTDC and CPPA-G to perform further analyses. NTDC & CPPA-G analyses discussed by Projects Committee on 26th Nov. 2021 & 26th April 2022. Projects' Committee recommended 3 years extension in plant operation, with R LNG as comingling fuel; EPQL to incur all CAPEX with no liability on GOP; No minimum dispatch or guaranteed off-take. Option of Kandhkot gas to be explored further. The EPQL's GDMP / GDMO was discussed by PPIB Board in its 135th meeting held on 21st June 2022, in which the Board constituted a Committee to further evaluate the GDMP/GDMO and submit its report to the Board in its upcoming meeting.

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

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

Salient features of project are as follows:

Project Company	: Punjab Thermal Power (Pvt.) Ltd. (PTPL)
Project Sponsors	: Government of Punjab
Project Capacity	: 1263.2 MW (Gross)
Project Location	: near Trimmu Barrage, District Jhang, Punjab
Primary Fuel	: R-LNG
Technology	: Combined Cycle Gas Turbines (CCGT), Siemens
Plant Efficiency	: 61.16%
Estimated Project Cost	: US$ 707.76 Million
Debt: Equity	: 75:25
Project Term	: 30 Years
Levelized Tariff	: 6.54 US Cents / kWh

Key milestones achieved:

Submission of Proposal	: 12th June 2017
Issuance of Notice to Proceed by PPIB	: 14th July 2017
Issuance of Letter of Intent by PPIB	: 26th July 2017
Project Commencement Date	: 29th September 2017
NEPRA Tariff Determination	: 26th December 2017
Issuance of Letter of Support by PPIB	: 26th January 2018
1st Amendment to LOS	: 16th February 2018
2nd Amendment to LOS (FC extension)	: 11th December 2018
NEPRA decision on Review Petition	: 7th June 2018
3rd Amendment to LOS (FC extension)	: 17th July 2019
4th Amendment to LOS (FC extension)	: 22nd January 2020
5th Amendment to LOS (FC extension)	: 2nd February 2021
PPA Signing	: 22nd June 2020
IA Signing	: 26th June 2020
GSA Signing	: 21st August 2020
Financing Agreements Signing	: 17th December 2020
Financial Closing achievement	: 23rd April 2021
GT-1 & GT-2 commissioned on	: 27th July 2022 & 3rd August 2022 respectively
Expected COD	: December 2022

Current Status:

PPIB issued Letter of Support (LOS) to Punjab Thermal Power (Pvt.) Limited on 26th January 2018 for establishment of a 1263 MW RLN-G based power project in district Jhang, Punjab.

Due to delays in approval and execution of Project Agreements, and non-execution/initiation of various activities owing to COVID-19 lockdown adverse implications, PTPL could not achieve FC by the deadline stipulated under the initial LOS, however PTPL achieved FC on 23rd April 2021.

PTPL had started construction activities since September 2017. However, PTPL informed that commissioning activities of gas turbines could not be completed due to non-availability of gas / RLN-G for more than 2 months.

Gas was made available to PTPL at end of May 2022 and the commissioning specialists (Siemens) were brought back in mid-June 2022 (owing to travel restrictions due to 5th wave of COVID-19).

Subsequently, Gas Turbines GT-1 & GT-2 have been successfully commissioned in Simple Cycle mode on 27th July 2022 & 3rd August 2022 respectively.

PTPL is expected to achieve COD in combined cycle in December 2022.

NPPMCL – Balloki Power Plant

Salient features of project are as follows:

Project Name	: 1223 MW Balloki Power Project
Project Company	: National Power Parks Management Company (Pvt.) Ltd.
Sponsors	: Ministry of Energy (Power Division), Govt of Pakistan
Location	: Balloki, district Kasur, Punjab
Gross Capacity	: 1223.1 MW (at RSC)
Primary Fuel	: R-LNG
Technology	: Combined Cycle Gas Turbine (CCGT)
Plant Efficiency	: 61.6%
Project Cost	: US$ 798.18 Million
Capital Structure	: Debt 70% Equity 30%
Project Term	: 30 Years
Levelized Tariff	: 6.12 US Cents / kWh

Key milestones achieved:

Submission of Proposal	: 31st July 2015
NTP issuance	: 15th March 2016
LOI Issuance	: 12th April 2016
NEPRA Tariff Determination	: 9th August 2016
LOS Issuance	: 22nd September 2016
PPA Signing	: 29th October 2016
GSA Signing	: 29th October 2016
IA Signing	: 14th November 2016
Financial Close	: 28th November 2016
GOP Guarantee issuance	: 26th May 2017
GT1 Commissioning	: 13th August 2017
GT2 Commissioning	: 30th August 2017
COD	: 29th July 2018

Current Status:

PPIB issued Notice to Proceed dated 15th March 2016 to NPPMCL for development of a 1223 MW R-LNG based Combined Cycle Power Plant at Balloki, district Kasur.

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

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

The privatization process of the Project is being carried out by the Privatization Commission. Board of Privatization Commission in a meeting on 20th March 2019 constituted a Steering / Transaction Committee to oversee entire privatization process / transaction of NPPMCL.

Meetings of the Transaction Committee have been held on 10th April, 9th May, 18th June, 26th August, 17th September, 27th November 2019, 28th January & 17th February 2020.

Currently, debt recapitalization and refinancing of NPPMCL are underway. The Cabinet Committee on Privatization (CCoP) has constituted a Committee to discuss issues i.e. amendments in IA by PPIB, GSA by SNGPL, resolution of PDFL loan, and receivables of Rs 200 billion to be brought down to industry norms by CPPA-G/ Finance Division.

NPPMCL – HAVELI BAHADUR SHAH

Salient features of project are as follows:

Project Name	: 1230 MW Haveli Bahadur Shah Power Project
Project Company	: National Power Parks Management Company (Pvt.) Ltd.
Sponsors	: Ministry of Energy (Power Division), Govt. of Pakistan
Location	: Haveli Bahadur Shah, district Jhang, Punjab
Gross Capacity	: 1230.54 MW (at RSC)
Primary Fuel	: R-LNG
Technology	: Combined Cycle Gas Turbines (CCGT)
Plant Efficiency	: 62.4%
Project Cost	: US$ 798.18 Million
Capital Structure	: Debt 70% Equity 30%
Project Term	: 30 Years
Levelized Tariff	: 6.11 US Cents / kWh

Key milestones achieved:

Submission of Proposal	: 31st July 2015
NTP issuance	: 15th March 2016
LOI issuance date	: 12th April 2016
NEPRA Tariff Determination	: 9th August 2016
LOS Issuance date	: 22nd September 2016
GAS signing Date	: 29th October 2016
PPA Signing Date	: 29th October 2016
IA signing Date	: 14th November 2016
Financial Close	: 28th November 2016
GOP Guarantee issuance	: 26th May 2017
GT1 & GT2 Commissioning	: 18th July 2017
COD	: 9th May 2018

Current Status:

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

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

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

The privatization process of the Project is being carried out by the Privatization Commission. Board of Privatization Commission in its meeting on 20th March 2019 constituted a Steering / Transaction Committee to oversee the entire privatization process / transaction of NPPMCL.

Meetings of the Transaction Committee have been held on 10th April, 9th May, 18th June, 26th August, 17th September, 27th November 2019, 28th January & 17th February 2020.

Currently, debt recapitalization and refinancing of NPPMCL are underway. The Cabinet Committee on Privatization (CCoP) has constituted a Committee to discuss issues i.e. amendments in IA by PPIB, GSA by SNGPL, resolution of PDFL loan, and receivables of Rs 200 billion to be brought down to industry norms by CPPA-G/ Finance Division.

Development of Transmission Line Projects

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 GoP introduced "Policy Framework for Private Sector Transmission Line Projects, 2015" (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 the Transmission Line 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 account of major activities and accomplishments of the Transmission Section during the reported period, is as follows:

A. Commissioning of ±660 kV Matiari – Lahore HVDC Transmission Project

The ±660 kV Matiari – Lahore HVDC Transmission Line Project which is a quintessence example and a practical demonstration of PPIB's facilitation, was conceived and executed under the framework of CPEC Agreement and also happens to be the maiden project developed pursuant to the provisions of the Transmission Line Policy 2015. The Project is spread over a span of approximately 886 km, has bi-pole HVDC technology with two converter stations, one each at Matiari and Lahore, three repeater stations and two grounding electrode stations. The Project which entails foreign investment to the tune of US$ 1.658 Billion, is 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 started construction of the Project on 1st December 2018 and achieved COD on 1st September 2021.

Development of large infrastructure projects involves timely settlement and amicable resolution of various issues so as to achieve project-specific milestones. In this regard, PPIB has been continuously providing support to amicably resolve any dispute(s) to protect commercial, technical and legal interests of relevant stakeholders.

During the final and crucial stages of Project completion, in order to resolve a dispute that arose between NTDC and the Project Company viz-a-viz issuance of Certificate of Readiness and considering the request of PMLTC for resumption of Testing and Commissioning activities of the Project, PPIB ensured synergistic efforts for devising a joint methodology / future course of action amongst all stakeholders to pave the way for resolution of this dispute while ensuring huge savings in national exchequer by curtailing the risk of idle capacity payments. It is also worth mentioning here that fastidious settlement of this dispute not merely saved the concerned parties from cumbersome legal proceedings but also prevented undesirable delay in the much-needed Project commissioning. As a result of marathon meetings and consultations conducted by PPIB to reach a settlement through MOU between NTDC and the Project Company, commissioning activities were resumed and the Project entered into trial run low load operations, followed by high power test and finally achieved COD on 1st September 2021. The Project is serving as a highly reliable means of transmitting electricity from power generation facilities located in south to load centers in north of Pakistan.

The Project is another true manifestation of satisfaction of People's Republic of China in GoP's strategic initiatives. The Project apart from enhancing stability, reliability and sustainability in the national grid, is also expected to pave the way for implementation of further transmission projects through private sector.

A pictorial view of ±660 kV Matiari – Lahore HVDC Transmission Line Project, which is first ever of its kin d and technology in Pakistan, is as follows.

B. PROCESSING OF NEW PRIVATE SECTOR TRANSMISSION PROJECT (S)

Pakistan's power sector is going through major institutional reforms. With the approval of National Electricity Policy, 2021 and processing of Competitive Trading Bilateral Contract Market (CTBCM), it is expected that long standing goal of supply of reliable, secure, efficient and affordable electricity will be attainable in near future. NEPRA's approval of first ever Indicative Generation Capacity Expansion Plan 2021-30 (IGCEP-2021) is indeed a critical step towards finalization of Transmission System Expansion Plan (TSEP) whereby it is expected that NTDC would firm up system requirements for future transmission projects including those suitable for implementation through private sector, based on which information, PPIB would be in a better position to initiate ICB(s) for award of such transmission projects, in collaboration with other stakeholders.

Since it would be the first ever ICB for award of transmission project(s) to private sector for implementation, preparation of appropriate bidding documents including but not limited to the Request for Proposal (RFP) and Security Package Documents (SPD) are of utmost importance. In this respect, USAID has agreed to provide technical assistance to PPIB in different areas including preparation of standardized RFP and SPD to conduct ICB pursuant to provisions of the TL Policy 2015. Besides, USAID will also assist in reviewing the current policy for private sector engagement, in light of best international practices.

Transmission Section, in coordination with Finance & Policy and Law Sections is providing necessary support and inputs to the USAID / its Consultant regarding revision of the existing policy framework for private sector transmission projects and preparation of the above documents including the SPDs.

±660 KV Matiari-Lahore HVDC Transmission Line Project

Salient Features:

Project Name	: Matiari-Lahore HVDC Transmission Line Project
Project Company	: Pak Matiari-Lahore Transmission Company (Pvt.) Ltd. (PMLTC)
Sponsors	: China Electric Power Equipment & Technology Co. Ltd. (CET)
Location	: from Matiari, Sindh to Lahore, Punjab
Technology	: High-Voltage Direct Current (HVDC)
Power Transfer Capability	: 4,000 MW
Voltage Rating of T/L	: ±660 kV
Total Project Cost	: US$ 1,658.34 Million
Levelized Tariff	: 0.7121 US ¢/kW/h
Purchaser	: NTDCL
Model	: Build-Own-Operate-Transfer (BOOT)
Term of Project	: 25 Years
Operation and Maintenance (O&M)	: NTDCL (for T/L) and PMLTC (for Converter Stations)
EPC Contractor	: CET

Important Events / Milestones:

Submission of Proposal	:	12th June 2017
Cooperation Agreement b/w NTDCL & SGCC	:	20th April 2015
1st Tariff Approval by NEPRA	:	18th August 2016
Submission of Proposal to PPIB	:	9th March 2017
Issuance of Notice to Proceed by PPIB	:	14th March 2017
Issuance of Letter of Intent (LOI) by PPIB	:	27th March 2017
Issuance of Letter of Support (LOS) by PPIB	:	4th August 2017
Special Purpose Transmission Licence by NEPRA	:	18th February 2018
Signing of Project Agreements (IA/TSA)	:	14th May 2018
Construction Start Date:	:	1st December 2018
Financial Closing date	:	27th February 2019
Signing of Amendments to TSA/O&M/IA	:	28th April 2021
Commercial Operations Date (COD)	:	1st September 2021

Current status:

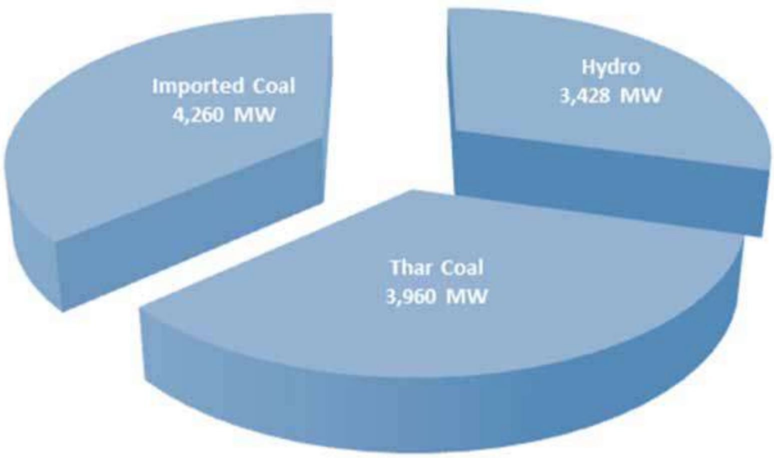
The Project has successfully achieved COD w.e.f. 1st September 2021.

CPEC Energy Chapter

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

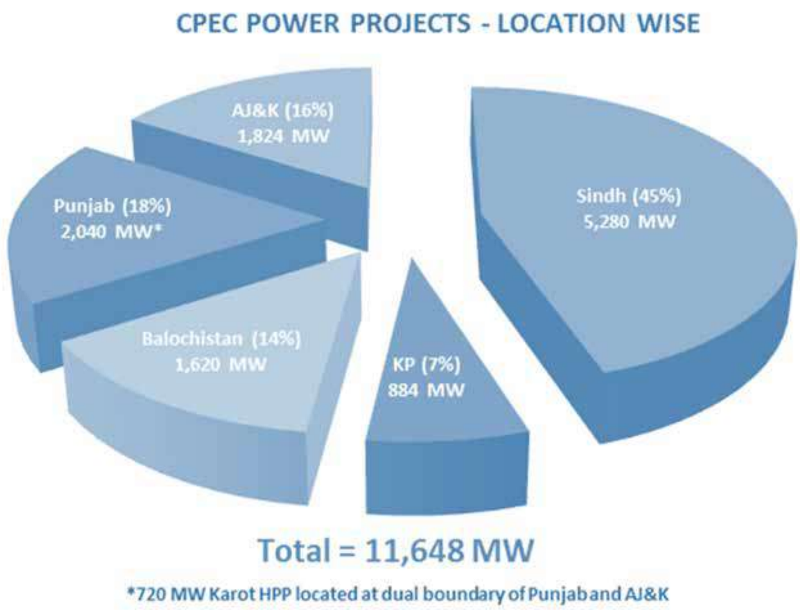
With particular reference to the energy chapter, projects based on imported coal, indigenous Thar coal and renewable hydro are being prioritized under two categories namely "Priority Projects" and "Actively Promoted Projects". According to CPEC agreement signed in November 2014, projects of more than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

CPEC POWER PROJECTS - FUEL WISE



Total = 11,648 MW

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

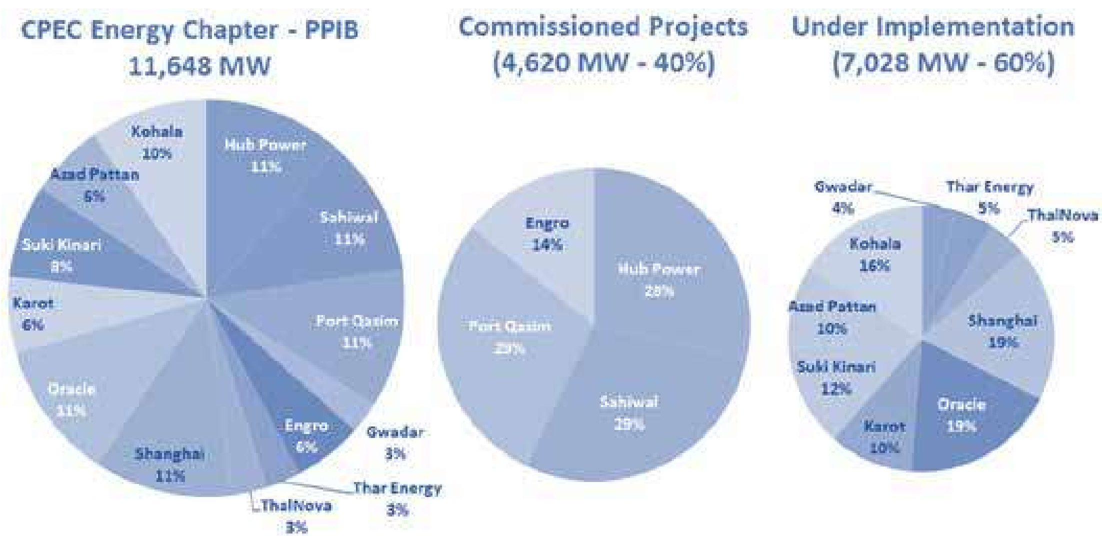


Total investment outlay of twenty energy and one transmission line projects being processed by PPIB under CPEC amounts to around US$ 21 billion which is a huge investment considering the fact that this has been made in a single sector of Pakistan's economy. Despite the outbreak of COVID-19 pandemic,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

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

Ten power generation projects of 6040 MW based on imported coal, Thar coal, wind, solar and hydropower have been commissioned besides flag-ship HVDC transmission line project accruing investment of USD 11.255 Billion. Three generation projects of 1544 MW are under construction having investment of USD 2.70 Billion. Four generation projects of 3444 MW based on Thar coal and hydropower having investment of USD 6.07 Billion are at advance stage to achieve financial closing subject to pending Sinosure clearance, whereas, four generation projects of 2020 MW are at LOI stage.

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 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 process out of which 8 IPPs are at advance stages of development.



Brief status of projects under CPEC as on 30th June 2022 is depicted, in the below table:

Status of Projects under CPEC

Sr. No.	Project	Capacity (MW)	Location	Financial Outlay/Project cost US$ M	% age Const. Completion	Target Date (COD)	Current Status
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
5	Shanghai Electric (TCB-1)	1320	Thar Block-I, Sindh	1912.2	-	July 2023	Under FC, deadline 31st December 2022
6	HUBCO Thar Coal Power Project (Thar Energy)	330	Thar Block-II, Sindh	497.70	-	September 2022	Under Construction, FC achieved on 30th Jan 2020
7	ThalNova Thar Coal Power Project	330	Thar Block-II, Sindh	497.70	-	December 2022	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 Project	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			

HYDEL							
10	Karot Hydropower Project	720	River Jhelum, Punjab *	1698	100%	June 2022	Commissioned
11	Suki Kinari Hydropower Project	884	Kagan, River Kunhar, KP	1962.667	81.1%	Nov-24	Under construction; COD Nov 2024
12	Kohala Hydropower Project	1124	River Jhelum, AJ&K	2408	-	Mar-29	Under FC; Expected COD deadline Dec 2027
13	Azad Pattan Hydropower Project	700	Jhelum River, Sudhnoti, AJ&K	1350		Sep-28	Under FC; Expected COD deadline Sep 2028
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. The scale of development under CPEC is increasing and is well on track to meet the deadlines. Completion of various CPEC projects will open for Pakistan new avenues of success and economic prosperity in the years to come.

Challenges and Future Plans

Challenges

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

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

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

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

Future Plans

1. PPIB is actively working to improve the share of indigenous coal and renewable hydro based electricity in the overall energy mix of the country. Following tasks are on the cards:

1.1 Issuance of Tripartite LOS to hydropower projects initiated by provinces/AJK/GB

1.2 Preparation of tariff-based bidding documents for HPPs through AFD grant

1.3 Facilitate government of Gilgit Baltistan in preparation of Power Policy for development of its hydropower resources (21,100 MW)

1.4 Identify pumped storage hydropower sites to cater for intermittency of wind and solar power projects and grid stability.

1.5 Develop framework and security package for award of projects through ICB.

2. Importing coal increases dependency on other countries and drains huge amount of foreign exchange reserves. Pakistan is bestowed with abundant reserves of local coal, while only Thar coalfields have estimated quantity of 175 billion tons which is capable of generating approximately 50,000 MW for around 100 years. According to IGCEP 2021 coal power projects based on Thar coal are envisaged to be dispatched beyond 75% in the coming years being the cheapest option in conventional fuel based IPPs. PPIB has been tasked by Power Division to conduct a feasibility study for conversion of all three commissioned imported coal power projects to Thar coal. In this regard, PPIB approached Government of Sindh's Energy Department for conduct of bankable feasibility study on the conversion of aforesaid imported coal-based power projects to Thar coal. Accordingly, GOS through SECMC engaged Consultant "Fichtner GmbH KG & CO." for conducting the feasibility study. On the available data provided by IPPs, Fichtner has submitted a preliminary feasibility study report on conversion. In parallel the feasibility study is also monitored by PPIB's appointed Panel of Expert (POE) consisting of experts from the Government and Private Sector. Once the report is finalized and approved by the Panel of Experts, it will be submitted to concerned quarters for further consideration.

3. 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. PPIB will assume the role of IAA under CTBCM after the approval of the Regulator (NEPRA).

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

5. PPIB is also striving hard to accomplish following;

5.1 To finalize Engro- Qadirpur Gas Depletion Mitigation Plan, for commingling of fuel to technically enable the plant to operate

5.2 To finalize Standard Project Docs (SPDs) preparation for power projects under CTBCM

5.3 To finalize Security Package for Small Hydropower Projects

5.4. To ensure that Thar Coal based Projects achieve Economy of Scale on the Mining Operations

a. 175 billion tons lignite coal divided into thirteen (13) Blocks with only two blocks at advanced stage.

b. Target of reducing Thar Coal price to less than 30 USD/Ton (Presently at 64 USD/Ton)

5.5. To process 2-3 new hydro based IPPs under International Competitive Bidding (ICB).

5.6. To process implementation of new private sector transmission projects through ICB in consultation with all key stakeholders, after preparation & finalization of framework/RFP/security package documents for transmission line projects and receipt of list of candidate transmission line projects from NTDC.

6. Detail of upcoming IPPs is as follows:

Sr. #	Project	Sponsor/ Company Name	Location	Fuel	Capacity (MW)	Expected COD/Remarks
2023						
1	Riali-II Hydropower Project	Riali Hydro Power Co.	Ghori Wala Nullah, Muzaffarabad AJ&K	Hydel	7.08	**Jul-23** (As per IGCEP) LOS issued Under FC / under Construction
Sub Total (2023)					**7.08**	
2024						
2	330 MW Thar Coal based Power Project	Siddiqsons Energy Limited	Thar Block-II, Sindh	Coal	330	**Apr-24** Under Litigation
3*	Suki Kinari Hydropower Project	S.K Hydro Pvt Ltd	Kunhar River, Mansehra, KP	Hydel	884	**Nov-24**** FC Achieved. Under Construction
4	Kathai-II Hydropower Project	Kathai-II Hydro (Pvt) Ltd.	Kathai Nullah, Hattian, AJ&K	Hydel	8.00	**Dec-24** (As per IGCEP) LOS issued FC in Progress
Sub Total (2024)					**1,222**	
2025						
5*	300 MW Imported coal-based Power Project	CIHC Pak Power Co. Ltd	Gwadar, Balochistan	Coal	300	**Jun-25***** LOS issued FC in progress
Sub Total (2025)					**300**	
2028						
6*	Azad Pattan Hydropower Project	Azad Pattan Power (Pvt) Ltd.	Jehlum River, Sudhnoti, AJ&K	Hydel	700.7	**Sep-28** LOS issued FC in progress
Sub Total (2028)					**700.7**	
2029						
7*	Kohala Hydropower Project	Kohala Hydro Company Limited	Jehlum River/ Kohala, AJ&K	Hydel	1,124	**Mar-29** LOS issued FC in progress
Sub Total (2029)					**1,124**	
Candidate Projects in IGCEP Portfolio						

Sr. #	Project	Sponsor/ Company Name	Location	Fuel	Capacity (MW)	Expected COD/Remarks
8	Mahl Hydropower Project	CWE Investment Corporation/ China Three Gorges & Trans Tech Pakistan	Jehlum River, AJ&K/ Punjab	Hydel	640	LOI issued. FS completed and approved by POE. Tariff determined by NEPRA. Further processing will be as per IGCEP
9	Athmuqam Hydropower Project	Korea Hydro and Nuclear Company	Neelum River, AJ&K	Hydel	450	LOI issued. FS completed and approved by POE. Sponsors have initiated tariff determination process through CPPAG. Further processing will be as per IGCEP
10	Turtonas -Uzghor Hydropower Project	Sinohydro -Sachal Consortium	Golen Gol River, Chitral Valley KP	Hydel	82	LOI issued. FS completed and approved by POE. FS t ariff determined by NEPRA. Company filed Review Motion. Further processing will be as per IGCEP
11	Ashkot Hydropower Project	Ashkot Energy (Pvt) Ltd.	Neelum River, AJ&K	Hydel	300	The project has been transferred by GoAJK to PPIB for further processing as per IGCEP
12*	1320MW Thar coal based Power Project	Oracle Coal Fields PLC England	Thar Block VI, Sindh	Coal	1,320	-
Sub Total (Candidate Projects in the IGCEP Portfolio)					**2,792**	
To be processed as per requirements of new capacity in the IGCEP						
13	Kaigah Hydropower Project	-	Kaigah, Indus River, KP	Hydel	548	-

Sr. #	Project	Sponsor/ Company Name	Location	Fuel	Capacity (MW)	Expected COD/Remarks
18	Chakothi -Hattian Hydropower Project	-	Muzaffarabad, AJ&K	Hydel	500	
19	Rajdhani Hydropower Project	-	Poonch River AJ&K	Hydel	132	
20	Neckeherdim -Paur Hydropower Project	-	Yarkun River, Chitral Valley KP	Hydel	80	
Sub Total (To be processed as per the requirements of new capacity in the IGCEP)					**1,260**	
Grand Total					**10,648**	

Corporate Brilliance

FINANCE & POLICY:

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

LEGAL & REGULATORY FRAMEWORK:

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

HUMAN RESOURCE MANAGEMENT:

Human resource management is a function to maximize employee performance in service of an organization's strategic objectives. It is primarily concerned with the management of people within organizations, focusing on policies and systems. The HR Section played a prominent role in achieving the organization's strategic plans and objectives during the FY 2021-22.

Employee Development:

Capacity building is considered as a dynamic process and it is the top priority of PPIB's HR Section. At PPIB, development of the human capital is planned strategically in order to enhance their self-development and self-management which contribute in the fulfilment of the strategic objectives of the organization. PPIB endeavors to enhance its overall knowledge bank. The training need assessment mechanism is regularly updated and followed up through feedback.

HR Section coordinated six (6) online foreign trainings in the fields of IT, renewable power sector, etc. Further, due to COVID-19 restrictions limited local trainings were held during financial year 2021-22. Moreover, PPIB arranged training workshops in June 2022 at PC Bhurban titled **"Leading at the Speed of Trust"** and **"Speed of Trust Foundations"** for officers in senior and middle management, respectively. A renowned coaching company M/s Franklin Covey was engaged for the same.

Recruitment, Selection and Retention:

The recruitment and selection procedure in an organization usually shows the strategy an organization follows for managing people. The HR Section successfully handled recruitment, selection and retention policies and recognized the potential of current employees and arranged for deserving employees to progress and given senior roles.

In addition to the regular recruitments, PPIB encouraged the fresh graduates in the fields of engineering, IT, Law, HR and Finance to work on internship basis to gain valuable knowledge and experience. A handsome stipend is also paid to such internees during their internship with PPIB.

Strengthening and Capacity Building to assume the role of IAA under CTBCM

As already discussed in pre-paras, Pakistan's power sector is under transformation from current single buyer model to multiple buyers' whole sale electricity market. Under the new competitive regime of the CTBCM, the procurement of capacity and energy shall be undertaken through competitive auction to be conducted by IAA. PPIB as a registered entity with NEPRA will also be performing functions of the IAA which includes preparation of the annual procurement plan, preparation of standard bidding documents, administration of competitive auctions, preparation of market-based contracts and regulatory approvals, post auction support and other related functions.

In this regard, M/s MRC Consultants and Transaction Advisers prepared a comprehensive report dated 22nd February, 2022 on PPIB Strengthening and Capacity Building covering augmentation of people, process and technology to perform its IAA role in the CTBCM. The approval of Strengthening Plan from PPIB's Board is under process, once it is approved, the implementation process will commence in line with Board's recommendations / decision.

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

Plantation Ceremony:

In pursuance to the Prime Minister of Pakistan's Clean Green Pakistan Movement, PPIB planted about 100 trees on Friday 22nd October 2021 on the green belt in front of PPIB Office, Emigration Tower, G-8/1, Islamabad. Managing Director PPIB inaugurated the plantation ceremony, thereafter senior officials of PPIB fully participated in planting the trees which include peach, citrus, guava and plum trees. The initiative was supported by the Capital Development Authority by providing logistic support.

Health and Safety

HR Section tackled the challenge of COVID-19 pandemic very vigilantly and effectively during the year 2021-22. Healthcare facilities related to COVID-19 were allowed to the employees and their dependents free of cost including laboratory tests. 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. Periodic disinfection of PPIB offices were carried out. Furthermore, a report on the status of vaccination of PPIB employees and their dependents was sent to the concerned quarters on weekly basis until April 2022 as per directions of the GoP, when percentage of COVID patients in the country fell below 1%.

Addition of small meeting room

A small meeting room has been set up at the first floor with a capacity to accommodate about 24 persons at a time. New furniture and fixtures have been installed. Furthermore, the facility of online meetings has also been provided to manage simultaneous meetings in the office. This has reduced the load of meetings in the main Board room.

INFORMATION AND COMMUNICATION TECHNOLOGY:

COVID-19 brought significant changes in ICT behavior throughout the world. The users' dependency increased on technology due to ubiquitous connectivity on hand-held devices. Information technology not only provided the new corridors of communication but also gained the users' trust while sharing information. PPIB aligned itself with the changed global behaviors. One such effort is transformation from physical meeting to virtual or hybrid meetings. During the reported year, numerous official meetings were conducted by IT Section using zoom meeting platform. Knowing that holding a virtual meeting is just a click away created synergy in the sector and collective wisdom approach was improved.

During the year – three (03) Board meetings, four (04) Projects' Committee meeting, two (02) Audit & Finance Committee meetings, and two (02) HR Committee meetings were

133rd Board Meeting of PPIB	134rd Board Meeting of PPIB
	
	

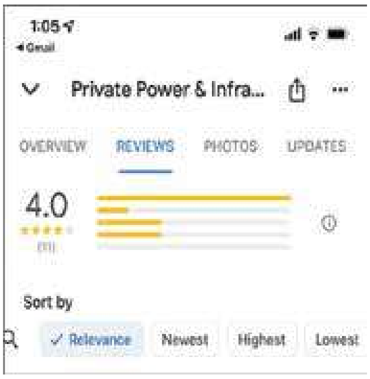
Due to increasing trend of online / hybrid meetings, state-of-the-art audio video solution has also been arranged in small meeting room of PPIB to manage the simultaneous meetings.

Moreover, PPIB supported the paperless environment initiative of GoP and established E-Desk facility using E-office Software for rapid communication among government entities. In line with the aforesaid vision, E-Office training sessions were held for officers and staff of PPIB with the support of NITB.

Digitization of the hard format record related to commissioned and upcoming IPPs since 1994 has been completed during the year which is available for users through desktop and mobile apps. Moreover, admin related record like PPIB building record, original performance guarantees and other documents have also been scanned during the year. Also, the power projects related information and imported milestones along with the scanned record made accessible through Decision Support System (DSS) and mobile app. The detail of scanned record is as under.

Serial No.	Power Policy	No. of Files Scanned
1	1994 Power Policy Projects	690
2	1995 Power Policy Projects	53
3	2002 Power Policy Projects	578
4	2015 Power Policy Projects	333
5	Admin/Building Record	155
7	Board Meeting Working Papers	03
Grand Total		1,812

PPIB's website in connectivity with outer world which is updated regularly. The data about PPIB's website regarding rating, viewership and search from March 2022 to August 2022 gathered from google statistics is as follow.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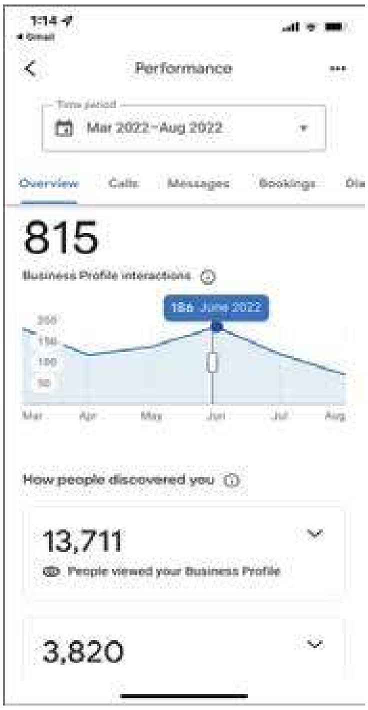
Gmail
Private Power & Infra...
OVERVIEW
REVIEWS
PHOTOS
UPDATES
4.0
Sort by
Relevance
Newest
Highest
Lowest


Business Profile
Google
Great job, you got a new 5-star review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Gmail
Performance
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Overview
Calls
Messages
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Mar
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May
Jun
Jul
Aug
How people discovered you
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People viewed your Business Profile
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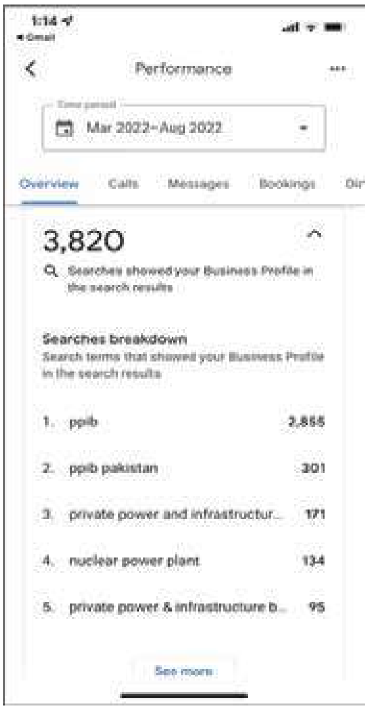
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Mar 2022–Aug 2022
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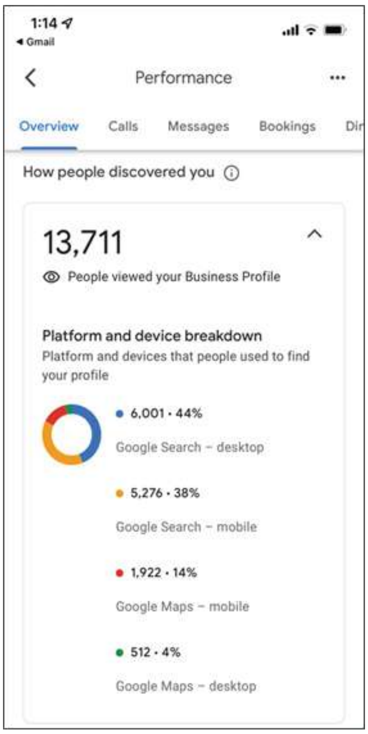
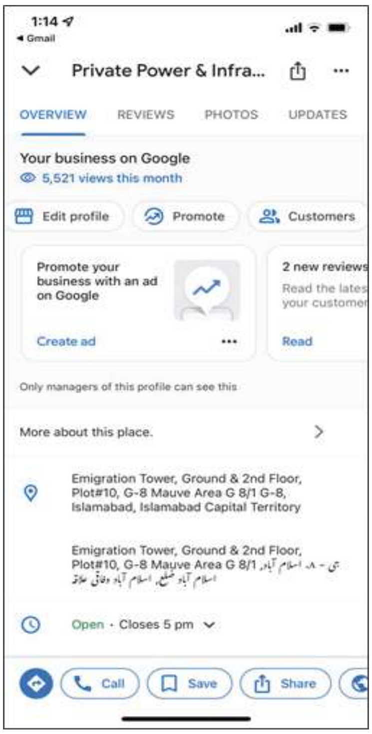
Messages
Bookings
3,820
Searches showed your Business Profile in the search results
Searches breakdown
Search terms that showed your Business Profile in the search results
1. ppib 2,855
2. ppib pakistan 301
3. private power and infrastructur... 171
4. nuclear power plant 134
5. private power & infrastructure b... 95
See more


1:14
Gmail
Performance
Overview
Calls
Messages
Bookings
How people discovered you
13,711
People viewed your Business Profile
Platform and device breakdown
Platform and devices that people used to find your profile
6,001 · 44%
Google Search – desktop
5,276 · 38%
Google Search – mobile
1,922 · 14%
Google Maps – mobile
512 · 4%
Google Maps – desktop


1:14
Gmail
Private Power & Infra...
OVERVIEW
REVIEWS
PHOTOS
UPDATES
Your business on Google
5,521 views this month
Edit profile
Promote
Customers
Promote your business with an ad on Google
Create ad
2 new reviews
Read
Only managers of this profile can see this
More about this place.
Emigration Tower, Ground & 2nd Floor, Plot#10, G-8 Mauve Area G 8/1 G-8, Islamabad, Islamabad Capital Territory
Open · Closes 5 pm
Call
Save
Share

PUBLIC RELATIONS:

Worth of public relations (PR) cannot be overlooked in any organization. In today's interdependent world, it is really important for almost every kind of organizations to keep a long term and trustworthy relations with the communities or public in order to handle the up-coming challenges and to maintain the survival, effectiveness and success. The field of public relations is all about understanding and building good relationship with various publics including government, media, employees, investors, suppliers, customers etc.

Private Power and Infrastructure Board (PPIB) strongly believes in maintaining congenial relationship with the masses. It is a guiding principle that availability of reliable & updated information is always a useful source for general public, researchers, donor agencies, academia, general public, policy makers and investors who are interested in power sector of Pakistan. In order to eliminate communication gaps, it is ensured that a real time information and updates of PPIB's activities is provided to media on regular basis for factual reporting. Since its inception in 1994, PPIB has been maintaining good relationship with the masses which is built on mutual respect, trust and cooperation and it is getting more and more stronger with the passage of time. The matter being on the top priority of the PPIB's management, coupled with a well-structured plan, plus a team of professionals for smooth execution of plan are hallmarks of this accomplishment.

PPIB has a rich legacy of facilitating forty-two (42) IPPs of 18931 MW cumulative power generation capacity and materialized foreign direct investment of around 25 billion USD.. From these, two power generation projects namely 720 MW Karot Hydropower Project and 660 MW Thar Coal based Lucky Electric project have achieved commercial operations during 2021-22. Furthermore, a mega Matiari-Lahore HVDC Transmission Line project having transmission capacity of 4000 MW has also been completed during 2021-22 through PPIB's facilitation. Similarly, there are various other important bipartite and tripartite activities involved in processing of a power generation project such as tariff

Visit of Honorable Prime Minister to Karot Hydropower Project

determination, land acquisition, generation license, environmental clearance, LOI, LOS, IA, PPA, WUA, CSA, TSA, DIA, FSA, FC, etc. During 2021-22, PPIB has achieved substantial progress in handling complex issues of upcoming projects as well, as a result, development work of these projects continued is a smooth manner. Such performance highlights which also include PPIB's current activities, achievements, future plans & targets were widely disseminated to the masses on regular basis through press releases, articles, advertisements and PPIB's website etc.

Overall, three (3) meetings of the PPIB Board were held which were chaired by the Secretary Power Division and attended by the members representing various ministries and departments pursuant to PPIB Act, 2012 (as amended). Variety of important topics discussed on which PPIB Board provided strategic direction in accordance with the mandate of PPIB and provisions of the PPIB Act 2012 (as amended) while ensuring that goals and objectives are achieved efficiently. In addition, total eight (8) meetings of PPIB Board's committees which include "Audit and Finance Committee", "Human Resource Committee" and "Projects' Committee" were held and decisions so made with Board's nod

were disseminated to the concerned entities, general public and media, through different communication means. To ensure more effective and wider circulation, press releases with photographs were issued to print and electronic media across the country in English with Urdu translation besides posting at PPIB's website. Such proactive approach has effectively contributed towards reducing the possibility of misreporting, however, upon any such occurrence, necessary steps were taken to clarify or rebut the same providing strong justifications supported with relevant facts and figures.

PPIB also participated in "Round Table Conference-III" which was organized by Daily Pakistan Observer on 17th March 2022 for showcasing Pakistan's success on various economic fronts and attracting investment opportunities in many profit-making sectors. A special report was also published on the occasion by the said daily which was joined by PPIB and AEDB jointly through an article and a half page advertisement capturing PPIB and AEDB's past track record, current engagements and future endeavors for energizing Pakistan's power sector.

Meeting of PPIB Advertising Committee for Final Selection of Advertising Agencies on the Panle of PPIB

Pursuant to the directives of GoP/PID, PPIB has recently appointed three leading advertising agencies for handling publicity and other media related assignments in a more effective way. As PPIB attaches high value to public relations, and considers it a vital tool for improving organizational efficiency and effectiveness, therefore, it aims at utilizing the expertise of these advertising agencies for further enhancing its effectiveness and achieving excellence through adopting latest PR practices.

Pictorial View of Important Events

Board Meetings


133rd Board Meeting


134rd Board Meeting

Presentation by Life Insurance on Investment Proposal-03.08.2021

Signing of Working Capital Direct Agreement Hubco-Narowal Project-23.08.2021

Signing of Direct IA of Shanghai Electric Project 12.10.2021

Signing of Novation Agreement TNB Liberty Project-15.10.2021

Plantation Under Clean Green Pakistan Movement-22.10.2021

AFD Financial Proposal Openings-12.11.2021

Hubco-Narowal Novation Agreement Signing-27.12.2021

SEMCE and Engro Thar Coal Site Visit-18.02.2022

Site Visit of Shanghai Electric Project-February 2022

Meeting with TNB Delegation REMACO-17.03.2022

Pakistan Energy Symposium-01.04.2022

Signing of Working Capital Direct Agreement Orient Power-05.04.2022

Signing of Working Capital Agreement with Engro-27.04.2022

Karot Hydropower Project Site Visit-25.05.2022

Minister for Power Visit PPIB-26.05.2022

AUDITED STATEMENT OF INCOME AND EXPENDITURE, BALANCE SHEET OF PPIB FOR THE YEAR 2021-22

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 2021-22 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
GILGIT-BALTISTAN
JAMMU & KASHMIR
Disputed Territory
FATA
PUNJAB
BALOCHISTAN
SINDH
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
June 2020

Appendix - II

Financial Statement For The Year Ended 30 June 2022

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, 2022, 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, 2022 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.

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.

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.

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

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
UDIN: AR202210083arW4tgMIc

PRIVATE POWER AND INFRASTRUCTURE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property and equipment	6	167,020	98,279
Intangible assets	7	498	1,590
Loans and advances	8	40,722	46,858
Deferred tax assets	9	-	659
		208,240	147,386
CURRENT ASSETS			
Advances, prepayments and other receivables	10	39,357	30,573
Advance tax	11	11,678	-
Investments	12	2,228,897	1,994,263
Cash and bank balances	13	142,879	192,626
		2,422,811	2,217,462
NON-CURRENT LIABILITIES			
Lease liabilities	16	36,503	-
		36,503	-
CURRENT LIABILITIES			
Provision against performance guarantees encashed	14	875,686	723,650
Employee benefits obligations	15	38,644	43,042
Lease liabilities	16	30,829	43,247
Accrued and other liabilities	17	168,800	141,825
		1,113,959	951,764
NET ASSETS		1,480,589	1,413,084
REPRESENTED BY:			
PPIB Fund	18	1,480,589	1,413,084
		1,480,589	1,413,084
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 34 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, 2022

	Note	2022	2021
		Rupees in '000	
INCOME			
Income from operations	20	461,870	608,090
Income from financial assets	21	251,390	93,136
Other income		23,619	3,174
		736,879	704,400
EXPENDITURE			
Salaries and benefits	22	578,573	523,474
Repair and maintenance	23	8,577	5,397
Printing and stationery	24	3,035	2,246
Professional and legal services fee		4,062	1,192
Board meeting expenses		2,554	2,118
Traveling expenses		5,970	1,269
Telephone, fax, postage and courier		2,072	2,089
Fixed assets insurance		1,444	1,277
Utilities		11,740	8,895
Audit fee	25	557	363
Depreciation	6	51,970	45,936
Amortization	7	1,092	247
Finance cost	26	1,518	7,347
Advertisement expenses		1,100	582
Other expenses	27	12,270	7,161
		686,533	609,593
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAX		50,346	94,807
Taxation	28	(19,475)	(19,155)
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX		30,871	75,652

The annexed notes 1 to 34 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, 2022

	2022	2021
	(Rupees in thousand)	
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAX	30,871	75,652
OTHER COMPREHENSIVE INCOME		
Items that will not be subsequently reclassified to income and expenditure		
Remeasurement of defined benefit plan	36,634	8,266
TOTAL COMPREHENSIVE SURPLUS OF INCOME OVER EXPENDITURE	67,505	83,918

The annexed notes 1 to 34 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, 2022

	PPIB Fund
	Rupees in "'000"
Balance as at July 1, 2020	1,329,166
Surplus of income over expenditure	75,652
Other comprehensive income for the year	8,266
Total comprehensive income for the year	83,918
Balance as at June 30, 2021	1,413,084
Surplus of income over expenditure	30,871
Other comprehensive income for the year	36,634
Total comprehensive income for the year	67,505
Balance as at June 30, 2022	1,480,589

The annexed notes 1 to 34 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, 2022

	2022	2021
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of income over expenditure	50,346	94,807
Adjustments for non-cash and other items:		
Depreciation	51,970	45,935
Amortization	1,092	247
Return on investments	(51,822)	(113,629)
Dividend income	(2,631)	(1,740)
Income on bank deposits	(10,402)	(10,429)
Interest on loan to employees	(5,647)	(3,785)
Provision for staff gratuity	30,951	28,555
Provision for leave encashment	19,054	18,179
Finance Charge on Lease liability	1,469	7,329
(Gain) / loss on sale of property and equipment	-	(1,150)
Unrealized foreign exchange (gain)/loss - net	(180,888)	36,754
	(96,509)	101,073
Effect of working capital changes:		
Disbursement of loan to employees	(24,803)	(34,692)
Loan repaid by employees	28,537	16,756
Decrease in advances, prepayments and other receivables	(6,363)	83,344
Increase in accrued and other liabilities	30,556	47,663
	27,927	113,071
Gratuity paid	-	(43,529)
Leave encashment paid	(17,769)	(15,830)
Taxes paid	(33,681)	(21,868)
	(51,450)	(81,227)
Net cash generated from operating activities	(120,032)	132,917
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(13,044)	(8,467)
Purchase of intangible assets	-	(878)
Proceeds from sale of property and equipment	-	1,150
Return on bank deposits	10,383	10,377
Interest on loan to employees	5,647	3,785
Dividend received	-	1,740
Return on investments received	291,796	70,968
Investment made - net	(139,447)	(121,988)
Net cash generated / (used) in investing activities	155,336	(43,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(85,051)	(43,681)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(49,747)	45,923
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	192,626	146,703
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	142,879	192,626

The annexed notes 1 to 34 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, 2022

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 and adopted in Pakistan. However, to follow the best practices the PPIB has adopted IFRS (as applicable in Pakistan), 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, 2024
IAS 8	Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 9	Financial Instruments (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

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 from contracts (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 functional currency PPIB.

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

c) **Repairs and maintenance**

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

d) **Gains and losses on disposal**

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

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

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

5.4 **Intangible assets**

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

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

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

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

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

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

5.5 Leases

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

i) Right of use assets

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

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

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

ii) Lease liabilities

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

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

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

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

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

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

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

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

Annual fee failed the collectability criteria and therefore accounted for on a cash basis as referred to note 20.1

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 with effect from February

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 15 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, 2022.

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 change.

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

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

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 PROPERTY AND EQUIPMENT

Year ended June 30	Note	2022	2021
		(Rupees in thousand)	
Fixed assets	6.1	40,350	38,312
Capital work in progress	6.2	15,666	15,666
Right of use assets	6.3	111,004	44,301
		167,020	98,279

6.1 Fixed assets

	Land	Leasehold Improvements	Furniture and Fixtures	Computer Equipment note 6.1.1	Office Equipment	Air Conditioners	Vehicles	Books	Total
	---				(Rupees in thousands)				---
At July 01, 2020									
Cost	15,015	18,400	9,491	21,501	8,392	492	24,462	945	98,698
Accumulated depreciation	-	(17,415)	(5,366)	(16,964)	(6,235)	(371)	(13,668)	(871)	(60,890)
Net book value	15,015	985	4,125	4,537	2,157	121	10,794	74	37,808
Year ended June 30, 2021									
Opening Net Book Value	15,015	985	4,125	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	15,015	1,391	4,143	4,139	2,047	601	10,924	52	38,312
As at June 30, 2021									
Cost	15,015	19,206	10,099	23,235	8,835	1,039	27,835	945	106,209
Accumulated depreciation	-	(17,815)	(5,957)	(19,096)	(6,788)	(438)	(16,911)	(893)	(67,897)
Net book value	15,015	1,391	4,143	4,139	2,047	601	10,924	52	38,312
Year ended June 30, 2022									
Opening Net Book Value	15,015	1,391	4,143	4,139	2,047	601	10,924	52	38,312
Additions	-	150	854	3,851	2,666	-	5,523	-	13,044
Disposals / writeoff									
Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(691)	(617)	(4,549)	(666)	(128)	(4,341)	(15)	(11,006)
Closing net book value	15,015	850	4,379	3,441	4,047	5,996	6,583	37	40,350
As at June 30, 2022									
Cost	15,015	19,356	10,953	27,086	11,501	1,039	33,358	945	119,253
Accumulated depreciation	-	(18,506)	(6,575)	(23,645)	(7,454)	(566)	(21,252)	(908)	(78,903)
Net book value	15,015	850	4,379	3,441	4,047	473	12,106	37	40,350
Annual rate of depreciation %	-	33.33	10	33	15	15	20	10	

6.1.1 During the year the PPIB has changed the estimate for useful life of computer equipment from five years to three years. This change in accounting estimate has been accounted for prospectively in this financial statements as per the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had the estimate not been changed, the written down value of property and equipment and surplus of income over expenditure before tax would have been higher by Rs. 2,330 thousand and surplus of income over expenditure after tax would be higher by Rs. 1,654 thousand.

	2022	2021
	(Rupees in thousand)	

6.2 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

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

6.3 Right of use assets

Balance at the start of the year	44,301	82,274
Additions during the year	107,667	-
Depreciation charged during the year	(40,964)	(37,973)
	111,004	44,301

7 INTANGIBLE ASSETS - Computer softwares

Year ended June 30

Opening book value	1,590	959
Additions	-	878
Amortization	(1,092)	(247)
Closing net book value	498	1,590
Cost as at June 30	2,946	2,946
Accumulated amortization	(2,448)	(1,356)
Net book value	498	1,590
Amortization rate - note 7.1	33.33%	10%

7.1 During the year the PPIB has changed the estimate for useful life of computer softwares from ten years to three years. This change in accounting estimate has been accounted for prospectively in this financial statements as per the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had the estimate not been changed, the written down value of intangibles and surplus of income over expenditure before tax would have been higher by Rs. 824 thousand and surplus of income over expenditure after tax would be higher by Rs. 585 thousand.

	Note	2022	2021
		(Rupees in thousand)	
8 LOANS AND ADVANCES - at amortized cost			
Loans and advances - considered good	8.1 & 8.2	67,890	71,624
Less: Current portion shown under current assets	10	(27,168)	(24,766)
Less: Considered doubtful		-	-
		40,722	46,858

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

	2022	2021
	(Rupees in thousand)	
8.2 Loans to key management personnel		
Opening balance	18,040	26,000
Loans disbursed during the year	14,107	-
Loans adjusted during the year	(9,627)	(7,960)
Closing balance	22,520	18,040

9 DEFERRED TAX ASSET / (LIABILITY)

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

	2022	2021
	(Rupees in thousand)	
Accounting and tax depreciation	(6,615)	(6,925)
Lease liability net of right of use assets	(12,665)	(306)
Unrealised exchange gain on investments	(32,031)	(3,077)
Provision for leave encashment	7,950	7,577
Accrued income on investments	(7,558)	(8,232)
Provision against performance guarantees encashed	128,760	70,888
Taxable losses	100,686	146,986
Alternate corporate tax	13,669	43,330
	192,196	250,241

		Note	2022	2021
			(Rupees in thousand)	
10	**ADVANCES,PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to:			
	- suppliers / services		67	169
	- employees against expenses		494	165
			561	334
	Current portion of loans and advances	8	27,168	24,766
	Prepayments		-	1,313
	Receivable from Provident Fund Trust		11,113	-
	Accrued interest on bank deposits		179	160
	Accrued income on account of fees		-	1,981
	Other receivables		336	2,019
			39,357	30,573
11	**ADVANCE TAX**			
	Balance at the beginning of the year		(3,582)	1,766
	Income tax paid / deducted at source		34,076	21,661
	Provision for taxation - current		(18,816)	(27,009)
	Balance at the end of the year		11,678	(3,582)
12	**Investments**			
	Mutual funds	12.1	108,169	123,074
	Term deposit receipts (TDRs)	12.2	2,120,728	1,871,189
			2,228,897	1,994,263
12.1	**Investment in mutual funds**			
	National Investment Trust (NIT) 1,664,400 units (2021: 1,633,710 units)		108,169	123,074

The aggregate cost of investments of units at fair value amounts to Rs 52.6 million (2021 Rs 50.4 million).

[signature]

	2022	2021
	(Rupees in thousand)	
12.2 Term Deposit Receipts (TDRs)		
(In US Dollars)		
Habib Metropolitan Bank Limited (HMBL) USD 3,553,182 (2021: USD 4,160,731)	730,179	656,563
JS Bank Limited (JSBL) USD NIL (2021: USD 2,522,941)	-	398,120
United Bank Limited USD 4,428,246 (2021: 1,205,720)	910,004	190,263
	1,640,183	1,244,946
(In PKR)		
Pak Oman Investment Company Limited (POIC)	350,000	300,000
JS Bank Limited (JSBL)	104,662	100,000
Faysal Bank Limited (FBL)	-	200,000
	454,662	600,000
Accrued profit on TDRs:	2,094,845	1,844,946
(In US Dollars)		
- HMBL	3,372	712
- JSBL	-	3,385
- UBL	4,338	292
	7,711	4,389
(In PKR)		
- POIC	17,175	5,853
- JSBL	997	4,258
- FBL	-	11,743
	18,172	21,854
	2,120,728	1,871,189

12.2.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Amounts	Maturity	Profit rate per annum
TDRs				
HMBL	USD	1,311,948	October 2022	1.60%
HMBL	USD	2,241,234	June 2023	10.00%
UBL	USD	625,452	September 2022	7.80%
UBL	USD	625,452	December 2022	7.20%
UBL	USD	1,214,032	April 2023	2.60%
UBL	USD	1,963,310	April 2023	2.00%
POIC	PKR	200,000,000	September 2022	7.70%
POIC	PKR	50,000,000	March 2023	12.10%
POIC	PKR	100,000,000	April 2023	12.10%
JSBL	PKR	104,662,192	June 2023	15.80%

13 CASH AND BANK BALANCES	Note	2022	2021
		(Rupees in thousand)	
Balance in local currency			
Cash at bank:			
- Current accounts		-	1
- Saving accounts	13.1	140,968	191,152
		140,968	191,153
Cash in hand		56	25
Balance in foreign currency			
- Saving accounts - USD 9,029 (2021: USD 9,175)	13.2	1,855	1,448
		142,879	192,626

13.1 This includes NIL (2021: Rs 21.086 million) held on account of employees' provident fund scheme.

13.2 These accounts carry rates of profit ranging from 6.84% to 13.00% (2021: 3.75% to 6.50%) per annum.

		Note	2022	2021
			(Rupees in thousand)	
14	**PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED**			
	Spencer Powergen Company of Pakistan Limited	14.2	41,046	41,046
	Star Energy Venture Pakistan Limited	14.3	78,400	78,400
	Star Power Generation Company Limited	14.4	550,740	422,904
	Gujranwala Energy Limited	14.5	205,500	157,800
	Liberty Power Tech Limited	14.6	-	23,500
			875,686	723,650

14.1 **Movement of provision against performance guarantees encashed**

	2022	2021
Balance at the beginning	723,650	846,231
Transfer to accrued & other liabilities	-	(78,900)
Transfer to other income	(23,500)	-
Exchange loss / (gain)	175,536	(43,681)
Balance at the end	875,686	723,650

14.2 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.

14.3 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.

14.4 Star Power Generation Company Limited has filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB. The petition was dispossed off by the honorable high court in 2020 on the grounds of non-persuation. However, management believes that the Company may go into appeal on technical grounds and PPIB may be required to pay the said amount.

14.5 Gujranwala Energy Limited had filed a writ petition before Sindh High Court (SHC) and Civil Court in Lahore (CCL) challenging encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount. The matter is still pending in the SHC, however, during the year CCL has disposed off the case declaring it that the said suit was barred by law.

14.6 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. This has been recognised as income in the current year.

14.7 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 the above cases filed by the aforesaid entities.

		Note	2022	2021
15	**EMPLOYEE BENEFITS OBLIGATIONS**		(Rupees in thousand)	
	Leave encashment	15.1	27,413	26,128
	Gratuity	15.2	11,231	16,914
			38,644	43,042

15.1 **Movement of provision for leave encashment is as follows:**

	Note	2022	2021
Balance at the beginning		26,128	23,779
Expense for the year	22	19,054	18,179
Payments made during the year		(17,769)	(15,830)
Balance at the end		27,413	26,128

15.2 **Gratuity**

The latest actuarial valuation was carried out as at June 30, 2022, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

		Note	2022	2021
			(Rupees in thousand)	
15.2.1	**The amounts recognized in the statement of financial position are as follows:**			
	Present value of defined benefit obligation	15.2.5	393,598	399,752
	Fair value of plan assets	15.2.6	(382,367)	(382,838)
			11,231	16,914
15.2.2	**The amounts recognized in income and expenditure account are as follows:**			
	Current service cost		29,363	26,948
	Net interest cost		1,588	1,607
		22	30,951	28,555
15.2.3	**Movement in statement of financial position**			
	Opening liability		16,914	40,155
	Expense for the year	15.2.2	30,951	28,555
	Charged to other comprehensive income		(36,634)	(11,641)
	Contributions paid		-	(40,155)
	Liability to be recognized in the statement of financial position		11,231	16,914

15.2.4 Based on the actuarial valuation a contribution of Rupees 30.101 million is expected to be paid to the defined benefit plan during the year ending June 30, 2023.

		2022	2021
		(Rupees in thousand)	
15.2.5	**Changes in the present value of defined benefit obligation are as follows:**		
	Present value of defined benefit obligation at beginning	399,752	356,785
	Current service cost	29,363	26,948
	Interest cost	38,302	30,103
	Benefits paid	(31,388)	(2,916)
	Benefits due but not paid	(2,071)	(2,338)
	Remeasurement of defined benefit obligation	(40,360)	(8,830)
	Present value of defined benefit obligation at June 30	393,598	399,752
15.2.6	**Changes in the fair value of plan assets are as follows:**		
	Fair value of plan assets at beginning	382,838	316,630
	Expected return on plan assets	36,714	28,496
	Contributions to the fund	-	40,155
	Benefits paid	(31,388)	(2,916)
	Benefits due but not paid	(2,071)	(2,338)
	Remeasurement of plan assets	(3,726)	2,811
	Fair value of plan assets at June 30	382,367	382,838

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

	2022 %	2021 %	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Bank balances	3.16	5.81	12,072	22,252
NIT units	1.10	0.98	4,210	3,754
Term deposit receipts	97.98	95.51	374,645	365,662
Others	0.22	0.22	842	839
Payables	(3.02)	(2.53)	(9,401)	(9,669)
	100	100	382,367	382,838

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

	2022	2021
Discount rate	13.25%	10%
Future salary increase	12.25%	10%
Expected return on plan assets	10%	8.50%
Withdrawal Rates	Age-Based	Age-Based
Mortality Rates	Adjusted SLIC 2001-2005 Setback 1 Year	Adjusted SLIC 2001-2005 Setback 1 Year

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
15.2.9 **Re-measurements recognized in other comprehensive income during the year:**		
Remeasurement gain on obligation	40,360	8,830
Remeasurement loss on plan assets	(3,726)	2,811
	36,634	11,641
15.2.10 **Sensitivity analysis**		
Discount Rate + 1 %	365,918	370,302
Discount Rate - 1 %	424,728	433,243
Salary growth rate + 1 %	424,782	432,922
Salary growth rate - 1 %	365,449	370,048
15.2.11 **Plan assets**		
Bond	0.00%	93.16%
Equity	1.10%	0.96%
Cash and / or deposits	98.90%	5.88%

15.2.12 **Expected benefit payments for the next 10 years and beyond**

FY 2023	48,526
FY 2024	13,539
FY 2025	41,548
FY 2026	34,440
FY 2027	21,178
FY 2028	49,222
FY 2029	17,048
FY 2030	166,325
FY 2031	55,912
FY 2032	35,862
FY 2033	2,860,849

The average duration of the defined benefit obligation is **7 Years**

15.2.13 **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.

16 **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 year PKRV rates plus 2% per annum (2021: 3 year Kibor plus 2%).

Finance lease liabilities against building

	Note	2022	2021
Minimum lease payments:		**(Rupees in thousand)**	
Not later than one year		41,198	49,171
Later than one year but not later than five years		41,198	-
Later than five years		-	-
Less: Finance cost allocated to future period		(15,064)	(5,924)
		67,332	43,247
Present value of minimum lease payments			
Not later than one year		36,102	43,247
Later than one year but not later than five years		31,230	-
		67,332	43,247

17 **ACCRUED AND OTHER LIABILITIES**

	Note	2022	2021
Accrued expenses		60,184	32,152
Audit fee payable - Statutory		399	363
- Employee Benefit Funds		158	-
Tax liability		-	3,582
Retention money		710	710
Payable to AJ&K Council	17.1	102,920	78,900
Other payables		4,429	5,033
Provident fund payable	17.2	-	21,086
		168,800	141,826

17.1 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.

17.1 Movement of payable to provident fund is as follows:	Note	2022	2021
		(Rupees in thousand)	
Balance at the beginning		21,086	72,550
Provision for the year		37,028	22,821
Payments made during the year		(58,114)	(74,285)
Balance at the end		-	21,086

18 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.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingent liabilities

Certain sponsors of power projects have filed suits against wherein PPIB is also nominated as party for aggregate claims against damages of Rupees 113,457 million (2021: Rupees 113,457 million) and USD 58 million (2021: USD 58 million). Also, claims have been lodged against the performance guarantees encashed amounting USD 0.2 million (2021: 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.

19.2 Commitments	Note	2022	2021
		(Rupees in thousand)	
Commitments against capital expenditure		3,673	-
20 INCOME FROM OPERATIONS			
Extension in LOI/LOS fee		103,287	252,771
Fee for achievement of financial close		-	210,485
Fee for design change		-	-
Annual fee	20.1	307,815	124,638
Fee for WCDA NOC		15,019	-
Fee for achievement of COD		35,749	4,826
Fee for change in shareholding		-	15,370
		461,870	608,090

20.1 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 3 billion whereas the amount recovered as of June 30, 2022 was around Rs.432.453 million, representing approximately 14 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	2022	2021
			(Rupees in thousand)	
21	**INCOME FROM FINANCIAL ASSETS**			
	Return on investments		51,822	113,629
	Return on bank deposits		10,402	10,429
	Interest on loans to employees		5,647	3,785
	Dividend income		2,631	2,047
	Exchange gain / (loss) - net		180,888	(36,754)
			251,390	93,136
22	**SALARIES AND BENEFITS**			
	Salaries and allowances		396,995	376,189
	Bonus		85,638	69,154
	Provision for leave encashment	15.1	19,054	18,179
	Provision for staff gratuity	15.2.2	30,951	28,555
	PPIB Contribution towards EOBI		1,276	1,059
	Provident fund contribution		24,294	10,565
	Other benefits		20,365	19,773
			578,573	523,474
23	**REPAIR AND MAINTENANCE**			
	Vehicle running and maintenance		6,205	3,920
	Office repair, maintenance and renovation		338	398
	Computer repair		1,320	780
	Equipment repair		565	200
	Furniture repair		149	99
			8,577	5,397
24	**PRINTING AND STATIONERY**			
	Computer stationery		464	737
	Office stationery		1,422	1,158
	Printing		1,149	351
			3,035	2,246
25	**AUDIT FEE**			
	A.F.Ferguson & Co			
	Statutory audit fee		399	363
	Other audit firm			
	Gratuity fund audit		60	-
	Provident fund audit		97	-
			157	-
			557	363
26	**FINANCE COST**			
	Bank charges		49	18
	Finance cost on obligations under finance lease		1,469	7,329
			1,518	7,347

	2022	2021
	(Rupees in thousand)	

27 OTHER EXPENSES

	2022	2021
Newspapers and periodicals	359	254
Training, conferences and seminars	2,272	250
Entertainment and office supplies	2,504	2,131
Security services	2,735	2,908
Annual ground rent	3,212	-
Miscellaneous	1,188	1,618
	12,270	7,161

28 TAXATION

	2022	2021
Current		
-Current year	30,056	23,634
-Prior year	(11,240)	-
	18,816	23,634
Deferred	659	(4,479)
	19,475	42,789

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

29 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.

30 RELATED PARTY TRANSACTIONS

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

	2022	2021
	(Rupees in thousand)	
Salaries and benefits to key management personnel	152,925	150,569
Contribution to gratuity fund / trust	-	40,155
Contribution to provident fund / trust	24,294	11,410
Loans and advances to key management personnel	22,520	18,040

31 FINANCIAL RISK MANAGEMENT

31.1 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:

	2022	2021
	(US Dollars in thousand)	
Short term investments - amortized cost	7,981	7,889
Bank balances	9	9
Net exposure	7,990	7,898

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The following significant exchange rates applied during the year:

Rupees per USD	2022	2021
	(US Dollars in thousand)	
Average rate	181.52	154.02
Reporting date rate	205.50	157.54

Sensitivity analysis

At June 30, 2022, 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 Rs 7.9 million (2021: Rs 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 108 million (2021: Rupees 123 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at June 30, 2022, if fair value (NAV) had been 10% higher / lower with all other variables held constant, total comprehensive income for the year would have been higher / lower by Rupees 10.8 million (2021: Rupees 12.3 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:

	2022	2021
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Investments	2,120,728	1,871,189
Floating rate instruments		
Financial assets		
Bank balances	142,823	192,601

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 Rs 1.428 million (2021 : Rs 1.926 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:

	2022	2021
	(Rupees in thousand)	
Investments	2,228,897	1,994,263
Loans, advances and other receivables	80,079	76,118
Bank balances	142,823	192,601
	2,451,799	2,262,982

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**	**2022**	**2021**
				(Rupees in thousand)	
Dubai Islamic Bank Limited	A1+	AA	VIS	64	49
National Bank of Pakistan	A1+	AAA	PACRA	1,294	1,233
Habib Bank Limited	A1+	AAA	VIS	114,711	123,886
Bank Alfalah Limited	A1+	AA+	PACRA	2	2
United Bank Limited	A1+	AAA	VIS	397	331
Summit Bank Limited	A3	BBB-	VIS	2	2
JS bank Limited	A1+	AA-	PACRA	352	22
Faysal Bank Limited	A1+	AA	PACRA	1,392	1,069
Meezan Bank Limited	A1+	AAA	VIS	24,608	66,006
First Women Bank Limited	A2	A-	PACRA	1	1
				142,823	192,601
Investments					
Term deposit receipts					
- Faysal Bank Limited	A1+	AA	PACRA	-	211,743
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	733,551	657,275
- JS Bank Limited	A1+	AA-	PACRA	105,659	505,763
- Pak Oman Investment Company Limited	A1+	AA+	VIS	367,175	305,853
- United Bank Limited	A1+	AAA	VIS	914,342	190,555
				2,120,728	1,871,189
National Investment Trust	Unknown			108,169	123,074
				2,228,897	1,994,263

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, 2022				
Provision against performance guarantees encashed	875,686	875,686	875,686	-
Other payables having maturity up to one year	168,800	38,258	38,258	-
Lease liabilities	67,332	67,332	30,829	36,503
At June 30, 2021				
Provision against performance guarantees encashed	723,650	723,650	723,650	-
Other payables having maturity up to one year	117,158	117,158	117,158	-
Lease liabilities	43,247	43,247	43,247	-

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

32 FINANCIAL INSTRUMENTS

32.1 Financial assets and liabilities

June 30, 2022	Amortized cost	FVTPL	Total
Financial assets :	(Rupees in thousand)		
Maturity up to one year			
Advances and other receivables	39,357	-	39,357
Investments	2,120,728	108,169	2,228,897
Cash and bank balances	142,879	-	142,879
Maturity after one year			
Loans and advances	40,722	-	40,722
	2,343,686	108,169	2,451,855

Financial liabilities :	Accrued and other	Total
	(Rupees in thousand)	
Maturity up to one year		
Provision against performance guarantees encashed	875,686	875,686
Accrued and other liabilities	168,800	168,800
Lease liabilities	30,829	30,829
Maturity after one year		
Lease liabilities	36,503	36,503
	1,111,818	1,111,818

June 30, 2021	Amortized cost	FVTPL	Total
	(Rupees in thousand)		
Financial assets :			
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	Total
	------(Rupees in thousand)----	
Maturity up to one year		
Provision against performance guarantees encashed	723,650	723,650
Accrued and other liabilities	117,158	117,158
Lease liabilities	43,247	43,247
Maturity after one year		
Lease liabilities	-	-
	884,055	884,055

32.2 **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:

	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	---------- (Rupees in thousand) ----------			
Assets carried at amortized cost				
Investments	2,120,728	2,120,728	1,871,189	1,871,189

The basis for determining fair values is as follows:

32.3 **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.

32.4 **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.

June 30, 2022 **Assets carried at fair value**	Level 1	Level 2	Level 3	Total
	---------- (Rupees in thousand) ----------			
Mutual funds	108,169	-	-	108,169
Term deposit receipts (TDRs)	-	2,120,728	-	2,120,728
June 30, 2021 **Assets carried at fair value**				
Mutual funds	123,074	-	-	123,074
Term deposit receipts (TDRs)	-	1,871,189	-	1,871,189

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

SAAAL

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

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

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

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

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

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

32.5 Valuation techniques used to determine fair values

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

33 GENERAL

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

33.2 Number of Employees

	2022	2021
Number of employees as at June 30	106	104
Average number of employees for the year	105	103

33.3 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.

34 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board on 13th December 2022.

MANAGING DIRECTOR

BOARD MEMBER

Private Power and Infrastructure Board

Ministry of Energy (Power Division)
Government of Pakistan

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