

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ALTERN ENERGY LIMITED

CORPORATE BRIEFING SESSION-

25th November 2022

Presented by:

Umer Shehzad, CEO

AEL POWER PLANT



PROJECT INFORMATION

- Type Independent Power Producer
- Power Policy 1994 Power Policy
- Off-taker Central Power Purchasing Agency
(Guarantee) Limited (CPPA-G); formerly
WAPDA

- Location Kohat Road near Fateh Jang
- Commissioned 2008

- Financial Close Phase I – July 1996
Phase II - Dec 2007
- Project Completion Phase I - June 2000
Phase II - Sep 2008

- Major Contracts

Power Purchase Agreement (PPA)
Implementation Agreement (IA)
Gas Supply Agreement (GSA)

COMPANY STRUCTURE

AEL (Public Listed)

100%



PMCL (Private)

60%



RPPL (Public Unlisted)

IMPLEMENTATION AGREEMENT

- IA grants to the Company the exclusive right to design, finance, insure, construct, complete, own, operate and maintain the Complex
- GoP guarantees the performance obligations of CPPA-G and SNGPL under the PPA and GSA respectively
- IA provides protections against political force majeure, changes in law, tax and other fiscal concessions
- IA provides GoP guarantee which secures the payment obligations of CPPA-G
- The Agreement and the rights & obligation of the parties governed by and construed in accordance with the laws of England (without regard to conflicts of law rules)

Power Purchase Agreement (PPA)

- PPA signed between AEL and WAPDA having a term of 30 years from the Commercial Operation Date (COD) starting from June 6, 2001
- In 2017, as a result of a Novation Agreement, all the rights and obligations of WAPDA have been transferred to CPPA-G
- PPA defines rights and obligations of each contracting party.
- PPA defines technical limits, dispatch mechanism, tariff, metering, invoicing, liquidated damages and default scenarios and their remedies for both parties.
- PPA sets out the principal terms & conditions for sale of energy by the Company, and the payment thereof, by CPPA-G
- The payments are payable by CPPA-G in respect of each unit of energy exported under “take and pay” arrangement

GAS SUPPLY AGREEMENT (GSA)

- GSA defines the rights and responsibilities of AEL & SNGPL for sale and purchase of natural gas
- Daily contract quantity – 6 MMSCFD of gas per day
- Term of the Agreement – 30 June 2013
 - * *Currently, Interim tri-partite GSA on RLNG is under the process of execution*
- Interim GSA is being executed between the Company, SNGPL and CPPA-G
- This interim GSA mainly aligns the payment cycle of RLNG between AEL and SNGPL and corresponding billing and payment cycle between AEL and CPPA-G.
- This interim GSA is valid till execution of long term GSA on RLNG.

PLANT INFORMATION

- Capacity 31.2 MW at ISO conditions
- Technology IC Engines – simple cycle
- Fuel Natural Gas / RLNG
- Backup Fuel No provision
- Interconnection 66 kV via In-out transmission connected with Fateh jang and Jand Grid Stations

- Key Equipment 8 Gas-Fired engines (3.9 MW capacity each)
TCG 2032 V16 model
- Manufacturer MWM (Formerly Deutz, Germany)
- Operating Hours 63,000 hrs.
- Exported Units 1,764,115 MWh
- Total Land 223 Kanals

FINANCIAL HIGHLIGHTS

(Rupees in Million)

Description	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Despatch (MWH)	-	12,403	3,728	22,029	145,115
Revenue	1.06	204.10	116.80	474.16	1,621.19
Direct Cost	103.29	247.45	167.86	501.82	1,558.27
Gross Profit / (Loss)	(102.22)	(43.35)	(51.06)	(27.66)	62.93
Other Income	6,777.35	298	1,788.61	1,150.15	1,455.69
Net Profit / (loss)	6,615.97	(84.32)	1,689.62	954.82	1,452.64

REASONS FOR DECLINE IN OPERATIONAL INCOME

❖ Reduced dispatch demand from the off-taker

➤ Company's low position on economic dispatch merit order of CPPA-G

- Influx of new/ more efficient power plants in the national grid system in the last 3/4 years (approx.. 14,000 MW)
- Plant operations shifted on RLNG in September 2017 due to declining local gas resources.
- Increase in RLNG price during the last 2 years due to:
 - ✓ Pak Rupee devaluation against US\$
 - ✓ Increasing RLNG prices in international market

MERIT ORDER SCENARIO

Till Sep 2017

- Plant operations Local /indigenous gas
- Gas price Rs. 600 / MMBTU
- AEL's EPP price Rs. 5.92 / KWh
- AEL's merit order position 9

Current Scenario

- Plant operations RLNG
- Current RLNG price Rs. 2241.23 / MMBTU

- AEL's EPP price phase I= Rs. 34.60 / KWh
Phase II = 27.18 / KWh

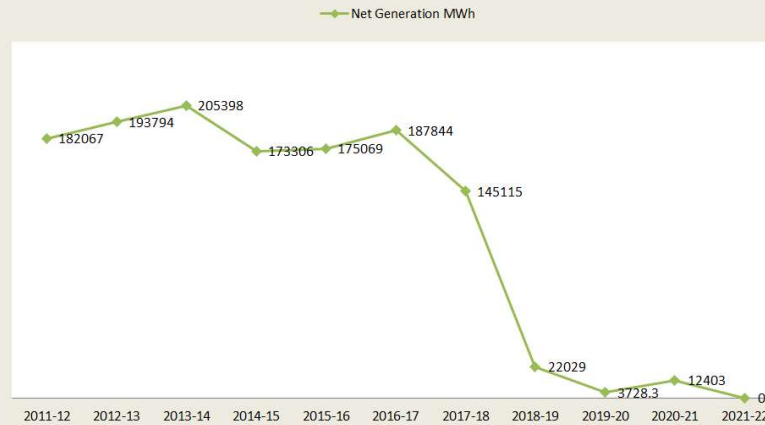
- AEL's merit order position Phase I = 43
Phase II = 28

KEY GENERATION DATA

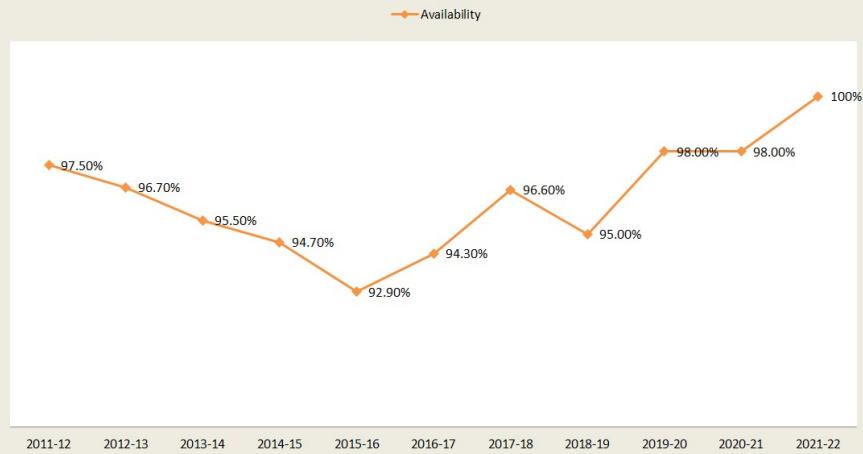
YEAR	Net Generation MWh	Capacity Utilization	Availability
2011-12	182067	93.10%	97.5%
2012-13	193794	90.80%	96.70%
2013-14	205398	96.10%	95.5%
2014-15	173306	97.40%	94.7%
2015-16	175069	96.40%	92.9%
2016-17	187844	96.70%	94.3%
2017-18	145115	68.20%	96.6%
2018-19	22029	17.30%	95.00%
2019-20	3728.3	2.90%	98.00%
2020-21	12403	29.39%	98.00%
2021-22	0	0%	100%

KEY GENERATION DATA

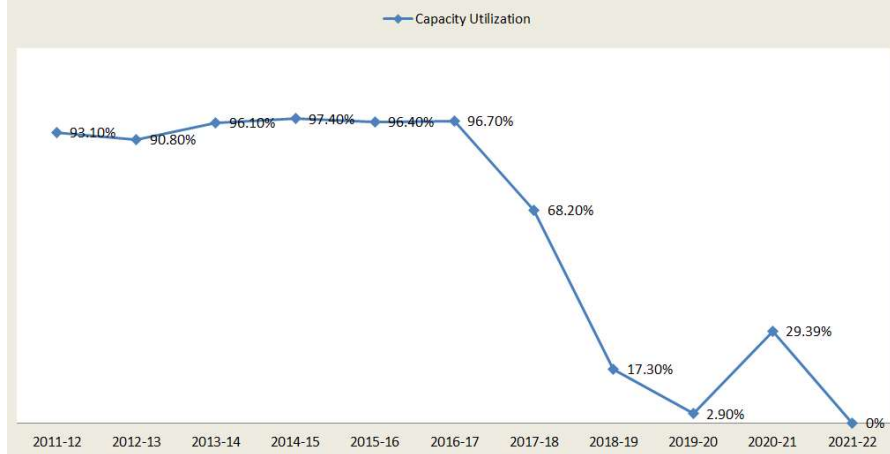
Net Generation MWh



Availability



Capacity Utilization



CHALLENGES FOR POWER SECTOR

- High cost of electricity
- Availability of Cheaper fuel – or – fuel at any cost?
- Circular debt
- Under-utilization of 'Take or Pay' power plants
- In- efficient public sector power generation (GENCOs) plants
- Use of cheaper gas fuel by in-efficient units
- Non-availability of RLNG to power plants

CHALLENGES FOR POWER SECTOR

- In-adequate infrastructure between NTDC and K-Electric system for import/export of electric power beyond 650 MW
- Ineffective demand side management.
- Higher Transmission and Distribution losses
- Low recoveries of DISCOs

KEY CHALLENGES AND THEIR MITIGATING TASKS

1. *Execution of GSA*

- *Continuous follow-up with the Ministry of Energy (Power Division), Ministry of Petroleum, CPPA-G and SNGPL*

2. *Circular Debt*

- *Continuous follow-up with Ministry of Energy and CPPA-G earliest release of outstanding overdues*

3. *To ensure commercial sustainability of the project, the management has pursued the GoP for the following mitigating activities, without any positive response:*

- *Efforts for allocation of indigenous gas from GoP*
- *Efforts for procurement of indigenous gas from private resources*
- *Coordination with GoP for take-or-pay tariff of capacity payments*

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ANY



Questions

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THANKYOU

