



ALTERN ENERGY LIMITED

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AEL/BOD/26/23

November 16, 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir,

Subject: Altern Energy Limited – Corporate Briefing Session for the financial year ended Jun 30, 2023

This is to inform you that Altern Energy Limited will hold a Corporate Briefing Session (CBS) for the shareholders, investors and analysts to provide highlights about the company's financial performance for the year ended Jun 30, 2023. The program details are as follows:

Date: Wednesday, November 22, 2023

Time: 03:30 PM

Venue: LSEF's Auditorium Stock Exchange Building Lahore.

Corporate presentation of the session is attached herewith.

We would appreciate your assistance in communicating this information to members of the Exchange.

Yours faithfully,
For Altern Energy Limited


(SALMAN ALI)
COMPANY SECRETARY

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ALTERN ENERGY LIMITED

CORPORATE BRIEFING SESSION-

23 November 2023

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 an IPP 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 will be valid till execution of long term GSA on RLNG.

GENERATION LICENSE (GL)

- The GL is issued by National Electric Power Regulatory Authority (NEPRA).
- It primarily permits a power plant to generate and transmit electric power to the off-taker and lays down the technical and operational parameters in connection thereto.
- The Company's GL was issued by NEPRA in 2004 and expired in September 2021.
- The Company had applied for the renewal in the term of the GL with NEPRA in August 2021.
- In September 2023, NEPRA Authority has granted approval for renewal in the term of the GL till the expiry of the PPA of the Company.

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	2022-23	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Despatch (MWH)	-	-	12,403	3,728	22,029	145,115
Revenue	17.46	1.06	204.10	116.80	474.16	1,621.19
Direct Cost	83.00	103.29	247.45	167.86	501.82	1,558.27
Gross Profit / (Loss)	(65.55)	(102.22)	(43.35)	(51.06)	(27.66)	62.93
Other Income	37.02	6,777.35	298	1,788.61	1,150.15	1,455.69
Net Profit / (loss)	(72.86)	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.. 19,000 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. 3,823 / MMBTU

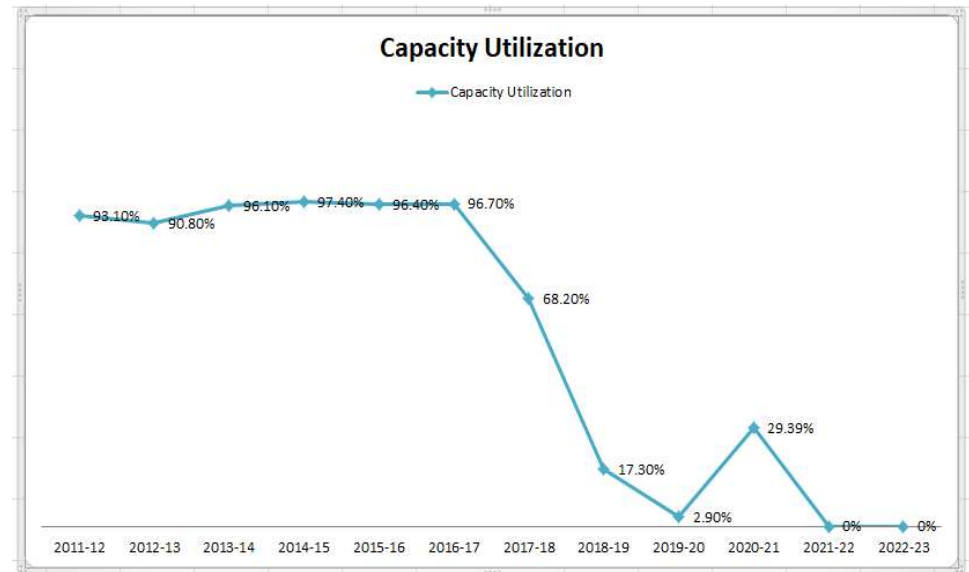
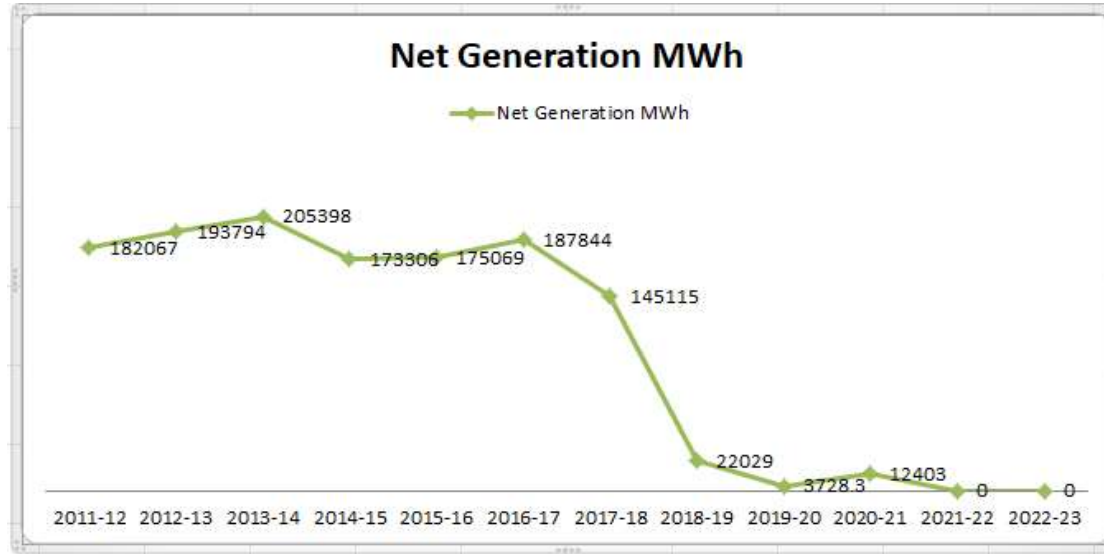
- AEL's EPP price phase I= Rs. 42.25 / KWh
Phase II = Rs. 33.39 / KWh

- AEL's merit order position 01.11.23
 - Phase I = Rs. 37.31 (#37)
 - Phase II = Rs. 29.30 (#32)

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%
2022-23	0	0%	100%

KEY GENERATION DATA



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 is pursuing the following:*

- *Explore the possibility of indigenous gas from gas fields*
- *Availability of RLNG using the 'Third Party Access Rules'.*
- *Opportunities available under the CTBCM regime in future*



ANY

Questions

ALTERN ENERGY LIMITED

THANKYOU

