



THAR COAL & ENERGY BOARD (TCEB)

NOTICE OF HEARING

PETITION FILED BY SINDH ENGRO COAL MINING COMPANY (SECMC) FOR DETERMINATION OF CONTRACT STAGE TARIFF IN RESPECT OF DEVELOPMENT & OPERATIONS OF 3.8 MTPA CAPACITY LIGNITE MINE LOCATED AT BLOCK II OF THAR COALFIELDS

Thar Coal & Energy Board (TCEB) has been mandated to determine and control the price of coal extracted from Thar Coalfields under Section 5(m) of TCEB Act 2011. In this regard, all stakeholders, interested / affected persons, and the general public are hereby notified that, in pursuance of Thar Coal Tariff Determination Rules 2014, TCEB has admitted the petition of Sindh Engro Coal Mining Company (SECMC) for consideration. The application has requested for determination of Contract Stage Tariff for coal extracted from the development and operations of the 3.8 Mtpa capacity opencast lignite mine located at Block II of Thar Coalfields.

SALIENT FEATURES OF THE PETITION

- Proposed Tariff** – Sindh Engro Coal Mining Company (SECMC) seeks a levelized Contract Stage Tariff for coal extracted from the 3.8 Mtpa capacity lignite mine of **PKR 7,043 per tonne** or **USD 69.22 per tonne** over the tariff control period of 30 years.
- Project Location** – Project is located at Block II of Thar Coalfields in Thar Desert, Tharparkar District of Sindh province in Pakistan.
- Project Capacity** – The Petitioner has applied for a proposed mining capacity of 3.8 Mtpa based on a coal offtake by a 660 MW (gross) mine mouth power plant having net thermal efficiency of 37% and availability factor of 85%.
- Project Technology** – The Petitioner has proposed the use of Truck and Shovel technology for extraction of lignite from the mine.
- Project Cost** – A summary of the project costs has been tabulated hereunder, based on an exchange rate of PKR 101.75 / USD.

Cost Heads	USD
EPC Cost	438,744,758
Non EPC Cost	181,327,860
Development Cost	21,600,000
Insurance During Construction	6,581,171
Financing Fees and Charges	45,330,626
Interest During Construction	95,473,415
Total Project Cost	789,057,831

- Operational Cost** – A summary of the operational costs per annum has been tabulated hereunder.

Cost Heads	USD per Tonne	
	Year 1 – 10	Year 11 – 30
Fuel Cost	7.02	6.57
Variable O&M – Tyres	1.70	1.59
Variable O&M – Spares & Consumables	2.61	2.44
Asset Replacement Cost	1.95	1.38
Fixed O&M – Foreign	6.97	6.84
Fixed O&M – Local	7.20	6.39
Power Cost – Grid	1.50	1.49
Power Cost – Diesel	0.66	0.66
Cost of Working Capital	1.26	1.21

- Construction Period** – The Petitioner has computed IDC based on a 42 month or 3.5 years of construction period.
- Equity Return** – The Petitioner has proposed a US Dollar based Equity IRR of 20.00% in line with the ECC approved incentive package for indigenous development of coal mines and power plants dated October 15, 2010.
- Cost of Transportation** – The Petitioner has proposed transportation costs of coal from the mine to the power plant of US Dollars 0.27 per Tonne per KM, and has petitioned for adjustment in Variable Production Payments on account of transportation losses equal to 0.20% for mine mouth power plants.
- Operational Insurance** – Insurance During Construction and Operations have both been proposed equal to 1.50% of EPC Cost.
- Project Financing** – The Petitioner has proposed a debt to equity ratio of 70:30, with debt terms as tabulated hereunder.

Loan Type	USD Million	Grace Period	Sinosure Fees	Repayment	Interest Rate
Local Loan	370.1	3.5 Years	-	10 Years Semi-annual	6 Month KIBOR + 3.00%
Foreign Loan	182.3	3.5 Years	7% of Debt Service	10 Years Semi-annual	6 Month LIBOR + 4.00%

The general public, stakeholders, and experts may download the Petition from TCEB website, www.sindhcoal.gos.pk or from the link <https://www.dropbox.com/sh/5xhk7cxjrvid5ko/AAD2o4yzZIAhqasdPvaQILRxa?dl=0>

Thar Coal & Energy Board has decided to hold a public hearing of the Petition, and requests the general public, stakeholders, and experts to attend the same **February 03, 2015 at 1030 Hours at Marriot Hotel, Karachi.**

Any interested person who desires to participate in the proceedings may file written comments with the Registrar at least seven working days before the date of public hearing mentioned in this notice. Such comments shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The comments may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. The Thar Coal Tariff Determination Committee, if deemed fit, may permit participation of such person into the proceedings and also may consider those comments in the final determination.

Registrar Thar Coal & Energy Board (TCEB)

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