



THAR COAL & ENERGY BOARD (TCEB)

NOTICE OF HEARING

PETITION FILED BY SINDH ENGRO COAL MINING COMPANY (SECMC) FOR DETERMINATION OF COMMERCIAL OPERATIONS DATE (COD) STAGE TARIFF IN RESPECT OF EXPANSION OF 3.8 MTPA CAPACITY LIGNITE MINE TO 7.6 MTPA MINE LOCATED AT BLOCK-II OF THAR COALFIELD

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 Commercial Operations Date (COD) Stage Tariff for 7.6 Mtpa Mine capacity with the pertinent indexations and COD adjustments in accordance with the Project Costs related thereto mentioned in petition for a 30-years Coal Supply Agreement term post COD.

SALIENT FEATURES OF THE PETITION

- Proposed Levelized Tariff** – Sindh Engro Coal Mining Company (SECMC) seeks a levelized COD Stage Coal Tariff for coal extracted from the 7.6 Mtpa capacity mine at **USD 46.90 per tonne** over the levelized tariff control period of 30 years against the earlier determined Financial Close Stage tariff of **USD 40.84 per tonne** at the exchange rate of PKR 228.45/- at the time of COD.
- 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 7.6 Mtpa based on a coal offtake by a 2x330 MW (gross) mine mouth power plants having net thermal efficiency of 37% and availability factor of 85%.
- Project Technology** – The Petitioner has proposed the use of (60 ton) Truck and (7 m³) Shovel technology for extraction of lignite from the mine.
- Project Cost** – A summary of the project costs has been tabulated hereunder:

Cost Heads	USD in Million	
	Determined at Financial Close Stage	Petitioned at COD Stage
EPC Cost	113.03	131.80
Non EPC Cost	45.91	45.16
Insurance	1.13	1.49
Financial Cost	3.55	1.66
Interest During Construction	26.74	10.94
Total Project Cost	190.36	191.05

- Operational Cost** – A summary of the petitioned operational costs has been tabulated hereunder:

Cost Heads	USD Per Tonne	
	Avg (1-10) Years	Levelized 30 Years
Fuel Cost	7.38	7.24
Variable O&M	7.09	6.98
Asset Replacement Cost	4.06	3.94
Royalty	3.50	3.27
Fixed O&M	8.00	7.85
Insurance	0.90	0.90
Cost of Working Capital	1.28	1.26
Principal Debt Repayment	4.73	3.19
Interest Payment	3.24	2.47
ROE	5.16	5.07
ROEDC	2.26	2.22

- Interest During Construction (IDC)** – The Petitioner has incurred an IDC Cost of **USD 10.94 million** and requested that this cost be allowed as a Project Cost for the Phase-II mine.
- Operational Insurance** – The Petitioner proposed to adjust the cost of insurance as per the actual premium paid per year.
- Indexation** – The Petitioner requests for indexation and escalation, which are allowed in the COD stage tariff by TCEB.
- Project Financing** – The Petitioner has proposed a debt to equity ratio of 74:26 with following capital structure:

Capital Structure	%
Equity	26%
Debt	74%
Capital Cost	100%

The general public, stakeholders, and experts may download the Petition from TCEB website, www.tceb.gos.pk.

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 on **December 22, 2023 at 1000 Hours at Governor Room-Marriot Hotel, Karachi**.

Any interested person who desires to participate in the proceedings may file written comments with the Registrar at least one day 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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