

Commercial Operations of Thar Energy Limited 330MW Thar coal power plant

The Honorable Prime Minister of Pakistan, Mr. Mian Muhammad Shehbaz Sharif inaugurated Commercial Operations of 330 MW, Thar Energy Limited lignite fired power plant and Phase II of SECMC Thar coal mine. The momentous occasion was also graced by the Minister of Foreign Affairs, Chief Minister Sindh, Chinese Ambassador to Pakistan, numerous dignitaries from Federal and provincial Governments and leading corporate executives.

The Thar Energy Limited Power Plant (TEL) is a 330 MW mine-mouth lignite-fired power plant at Thar Coal Block II Sindh and is a part of the China Pakistan Economic Corridor (CPEC). The Project is a joint venture among Hub Power Company Limited (HUBCO), Fauji Fertilizer Company Limited (FFC), and China Machinery Engineering Corporation (CMEC), which is also the EPC contractor. The foreign financing for the Project was arranged from a Chinese syndicate, led by China Development Bank whereas the local financing has been arranged via a syndicate led by Habib Bank Limited. The project started construction in May 2018 from sponsor's equity to ensure timely Commercial Operation Date (COD) and begin utilizing the local resource of Thar coal as soon as possible. The Financial close of the Project was achieved in January 2020. The Project has successfully achieved its commercial operations date on 1st of October 2022.

The Prime Minister and the chief guests were given a tour of the plant by Mr. Habibullah Khan (Chairman HUBCO Board) and Mr. Kamran Kamal (CEO HUBCO) explained the significance of the project. During the plant tour Mr. Kamran Kamal explained the significance of this project to the chief guests. He highlighted that TEL is a European technology-based power plant with the Boiler, Turbine and Generator designed and manufactured by world renowned company General Electric. This leads to higher reliability standards and controls emissions to even lower than that allowed limits by SEPA. He explained that the plant would generate electricity at extremely affordable rates, the variable fuel cost would be about PKR 3/kWh compared to PKR 28-30/kWh for RFO, RLNG and Imported Coal. He also highlighted that in 2019, local Tharis were inducted and trained at HUBCO's Hub plant. These trainees are now working as engineers and technicians at TEL. The local skillset to run a plant of this nature was not available, and similar plants are dependent on Chinese/Korean workforce for their operations. TEL is the first coal plant to be completely operated by a Pakistani team. He said that we envision to have a local Thari as the Plant Manager in 8 to 10 years. The tour of the plant was followed by plaque unveiling ceremony.

Chairman HUBCO, Mr. Habibullah Khan acknowledged the efforts of both federal and Sindh government in turning the Thar dream into a reality. He added that TEL is the first coal-fired power plant of the country to be run entirely by Pakistani workforce creating numerous direct employment opportunities for the locals of Thar and adjoining communities. He said that, HUBCO continues to be Pakistan's largest IPP and has achieved spectacular growth, from 1,600 MW in 2018 to 3,300 MW and investments of approximately \$ 5 billion in 4 CPEC projects in the country. As stakeholders in SECMC HUBCO has contributed towards the development of a model village providing housing, access to safe drinking water, educational and health facilities and other basic amenities to the local population. He acknowledged the facilitation accorded by Power Ministry, Energy Department, NEPRA, PPIB, CPPA, NTDC and others in realizing the Thar Dream. He highlighted the challenge of circular debt which has created a liquidity crisis not just for the energy sector but for the country. It limits the ability of existing power developers like HUBCO to invest in expansion projects, but also discourages foreign capital from contributing to the sector due to uncertainty in cashflows. He requested the Prime Minister's attention to resolve the circular debt issue, further strengthening the investor's confidence and accelerating Pakistan's economic development. He highlighted that for Pakistan to be a progressive

country, government stakeholders must collectively work towards a charter of economy that encompasses continuity of policies and reforms that improve people's livelihoods.

Chinese Ambassador His Excellency Mr. Nong Rong was also present at the inauguration ceremony and congratulated the management of HUBCO, Federal and Sindh government on the successful completion of the project.

The Chief Minister Sindh, Mr. Murad Ali Shah made a heartfelt speech about impacts of the Thar Coal Projects, which were way above than just ensuring energy security of Pakistan. He mentioned that because of these projects, the Government of Sindh has built a road network, airport, state of the art hospitals etc. He also added that another 330 MW of capacity would be added at the end of the year by ThalNova, which is another project by HUBCO and he invited the Prime Minister in advance to inaugurate operations of that plant as well.

The Minister of Foreign Affairs, Mr. Bilawal Bhutto Zardari highlighted that the real benefit of Thar Coal would be achieved when we start using Thar Coal in other Power Plants across the Country. He highlighted that setting up Thar Coal projects is a great example of public private partnership, and similarly under the same successful model he looks forward to setting up green energy projects in future with the help of Federal Government and Corporates like HUBCO and Engro. He highlighted that with untiring efforts we can bring a green energy revolution in the country. He also requested the Prime Minister to inaugurate another upcoming Power Plant (ThalNova) in 3-4 months' time.

Prime Minister Mr. Mian Muhammad Shahbaz Shareef congratulated the management for the achievement. While addressing the gathering, he said that amidst the soaring prices of fuel, cheaper energy production via the Thar coal would immensely impact Pakistan's development allowing the government to save up to \$6 billion on fuel imports. The Prime Minister of Pakistan shared that its heartening to know that TEL would produce affordable electricity at PKR 17 /Unit, which would go down to PKR 10/Unit, compared to existing per unit cost of PKR 25-34. He stressed on the need to convert our existing Power Plants to be able to use thar coal, which would be a game changer for the country's economic progress. He specifically thanked the Chinese Government for their support in helping Pakistan setting up these projects. He said that the real benefit of thar coal can only be achieved if there's an affordable mechanism to transport the coal across the country. He shared that an MoU has already been signed in this context, on 23rd 2023 the railway line would be initiated where 50% of the cost would be shared by Federal Government and 50% by the Provincial Government.