

## Setting up 600MW power plant SECMC, KESC ink MoU

**Thursday, May 09, 2013 - Islamabad—Karachi Electric Supply Company (KESC)** has signed a Memorandum of Understanding (MoU) with Sindh Engro Coal Mining Company (SECMC) – a Joint Venture of Engro Powergen Limited (EPL) and Government of Sindh (GoS), for purchasing power from SECMC's 600 MW Mine Mouth Power Plant at Thar Block II.

The MoU was signed by Nayyar Hussein - CEO KESC and Shamsuddin A. Shaikh – CEO Sindh Engro Coal Mining Company.

SECMC –has been issued a 30-year Mining Lease for Thar Block-II by Mines & Mineral Department of GoS to develop an Open Cast Lignite Mine at Thar Block-II, Sindh. SECMC, in collaboration with other investors, will also develop a 600 MW Mine Mouth Power Plant under the build-own-operate basis with the anticipated project life of 30 years.

Under the agreement signed between the companies, SECMC will carry out all the project development activities, which include development of a bankable feasibility study, tariff determination by NEPRA, execution of project agreements including incorporation of Project Company as well as arranging independent financing for the power project being undertaken by the Project Company

Upon completion of relevant conditions and milestones, KESC and SECMC will negotiate power purchase agreement, subject to mutually acceptable commercial terms and will facilitate SECMC, on a best efforts basis, to raise a non-recourse loan from commercial financial institutions or other multilateral funding agencies. KESC might also consider equity participation in the project company.

Speaking at the occasion, Shamsuddin A. Shaikh – CEO of Sindh Engro Coal Mining Company said: “Thar Coal is a project of national security as it will bring the much needed energy security to propel the nation into an era of prosperity and development. SECMC's Thar Block-2 alone can produce 5,000 MW for next 50 years that amount to an estimated forex savings of USD 50 billion for life of the project.