**$1 billion coal-based power project: PPIB issues LoI to Lucky Power**

Lucky Electric Power Company Limited (LEPCL) has finally got a green signal from the federal government for the setting up of $1 billion coal-based power plant in the energy-scarce country. A wholly-owned subsidiary of Lucky Cement, the LEPCL would be setting up the 660 megawatts power generation facility here at Port Qasim within the next five years.

The renewable energy project would be carried out in line with Prime Minister Nawaz Sharif''s vision to add at least 6000MW of cheap electricity to the national grid by building across Pakistan at least 10 coal-fired power plants, each having 660MW capacity. Work on two of such plants was inaugurated in May last year by the premier at Port Qasim.

Thursday saw the listed Lucky Cement informing its shareholders at the country''s three stocks exchanges in Karachi, Lahore and Islamabad that the Private Power and Infrastructure Board (PPIB) had issued a Letter of Intent (LoI) to its subsidiary LEPCL for the establishment of the proposed plant. Given the fact that the most-needed project was conceived in May last year the PPIB took more than eight months to issue the much-awaited LoI to the developer on Wednesday February 11.

Talking to *Business Recorder*, officials at Lucky Cement said by issuing LoI the federal government had expressed its intention to support the coal-powered generation plant that would be completed within the next five years. Giving background, they said the Prime Minister last year had unveiled a plan to set up a coal handling terminal at Port Qasim to ensure uninterrupted supply of coal, a basic raw material, to the proposed coal-based power generation plants.

"We at Lucky Cement got the opportunity to set up a power plant as we, along with other cement producers, appeared as major importers of coal," said an official, requesting anonymity. "We at the cement industry already had a whole supply chain to provide fuel (coal) to the plants," the official added.

D.G Khan Cement is believed to be another cement manufacturer to establish a coal-based power plant like that of Lucky''s. The official said the 660MW plant would cost the company at least $1 billion or Rs 100 billion. To be built purely through local financing, the project would be undertaken with 25/75 percent Debt to Equity Ratio. "Lucky would be making 25 percent of the investment required. The balance, 75 percent, would be made available through seeking debt from local financial institutions," he added. The potential lenders would be contacted at the time of the project''s financial closure, the official concluded.