

Prime Minister's Office
BOARD OF INVESTMENT
Kohsar Block (6th floor),
Pak Sectt. Islamabad

Subject: **APPLICATION FILED BY PAKISTAN EXPATRIATES
COOPERATIVE HOUSING SOCIETY (PECHS) – VALANCIA
FOR GRANT OF DISTRIBUTION LICENCE**

Kindly refer to NEPRA's letter No. NEPRA/R/LAD-51/9073-79 dated April 18, 2023 on the subject noted above.

2. The energy sector is priority sector of the Government to cater the short fall of electricity in the country. BoI understands that affordable and smooth supply of energy is the back bone for industrial growth. Grant of distribution licence by NEPRA to Pakistan Expatriates Cooperative Housing Society (PECHS) – Valancia is a pure technical subject.

3. Therefore, BOI, is of the view that NEPRA may please proceed further in the matter as per law / rules in vogue.

(Saif ul Islam)
Deputy Director(PP)

NEPRA (Mr. Iftikhar Ali Khan, Additional Director General), NEPRA Tower, Attaurk Avenue, G-5/1, Islamabad
BoI's U.O.No. 1(2)Misc/PP-II/2022 Dated 02-05-2023

Forwarded please:
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For kind information please
☒ Chairman ☒ 2. M (Tech.)
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☒ 5. M (Law)

REGISTRAR OFFICE
File No. 5614
4-5-23



MALIK SHAHBAZ ALI KHOKHAR
PRESIDENT

THE COOPERATIVE ENGINEERS TOWN SOCIETY LTD.

11810
Ref: /TCETS/2023
Dated: 03-05-2023

Registrar National Electric
Power Regulatory Authority
NEPRA Tower Ataturk Avenue
(East) G-5/1 Islamabad

**Subject: COMMENTS REGARDING GRANT OF DISTRIBUTION LICENCE TO
PAKISTAN EXPATRIATES COOPERATIVE HOUSING SOCIETY
VALENCIA LTD.**

Ref: Newspaper Add regarding subject matter (copy enclosed)

The Engineers Town Cooperative Housing Society escalate NEPRA's patronage decision & determination towards the matter of handing / taking over of electrical distribution network of Bahira Town (Pvt. Ltd.) (BTPL) by Islamabad Electric Supply Company Ltd (IESCO) vide letter # 9115-19 dated 18-04-2023. We also appreciate that NEPRA has enlightened the way to reach the final destination where there is no disparity and discrimination of tariff between the residents of a Cooperative Societies and the other Disco's consumers. Certainly NEPRA deserves high level of appreciation for pulling out the residents of Societies from this crunch of substantial difference of Tariff between the usual rates of electricity of DISCOS and the Cooperative Societies.

Regarding above subject Society Engineers Town recommends to grant the Distribution License to M/S Pakistan Expatriates Cooperative Society so that they can start their Journey to reach the above said destination and could be able to provide the relief to their miserable & dejected residents who are suffering since long by the unjustified difference of tariff. It is further added that Engineers Town will also resume the process of getting the Distribution License soon.

With Best Regards

Chief Engineer (P&E)
Engineer Town

C.C. to:

1. DG Licensing, NEPRA
2. DG CAD NEPRA
3. The President
4. The Vice President
5. The Finance Secretary
6. The Secretary
7. Master File

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9. LA	10. Dir. (P&E)

For kind information please

1. Chairman
2. M (Tech.)
3. M (Lic.)
4. M (Trf. & Fin)
5. M (Law)

2nd Floor Commercial Centre, Block-D/2, Sector "A", Engineers Town, Defence Road, Lahore
Ph: 042-35248205-8 Email: engineerstown@yahoo.com

Engr. Mazhar Iqbal Ranjha,
Registrar,
National Electric Power Regulatory Authority (NEPRA),
NEPRA Tower, Attaturk Avenue,
G-5/1, Islamabad.

Ref No. KE/RA&GR/NEPRA/2023/386
June 13, 2023

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Complete

SUBJECT: COMMENTS ON APPLICATION FILED BY PAKISTAN EXPATRIATES COOPERATIVE HOUSING SOCIETY LIMITED (PECHS) FOR GRANT OF DISTRIBUTION LICENSE FOR VALANCIA HOUSING SOCIETY (LAHORE)

Dear Sir,

This is with reference to notice for comments published on NEPRA website regarding the application filed by Pakistan Expatriates Housing Society Limited (PECHS) ('Applicant') for grant of Distribution License for its electricity distribution facilities at Valancia Housing Society, Lahore ('Application').

In this regard, KE would like to place on record its comments in the subject matter, as similar applications may be filed by other entities within KE's service territory, and hence would humbly request the Honorable Authority for their due consideration.

a) Separate Licenses for Distribution and Electric Power Supply

As per Section 20 and Section 23E of the NEPRA Act, 1997 (as amended) ('Act'), Distribution and Supply of Electric Power are two separate licensed activities. Accordingly, to maintain compliance with the envisaged open market structure and the regulatory framework, it is humbly requested that separate license applications are filed by the Applicant, which are consistent with the business activities.

b) Supplier-to-Supplier Sale of Electric Power

Emphasis is humbly drawn to regulation 9 (9) of the NEPRA Licensing (Electric Power Supplier) Regulations 2022, which disallows sale transactions between electric power suppliers. Relevant excerpt reproduced below for ease of reference:

An electric power supplier shall not sell electric power to any other electric power supplier except as may be required for settlement of imbalances in accordance with the Commercial Code.

Accordingly, it is humbly requested that all such applications seeking such arrangements, which involve sale/purchase of electric power transactions between different electric power suppliers are holistically evaluated in line with the applicable regulatory provisions to ensure consistency and compliance.

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1. Chairman	2. M (Tech.)
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5. M (Law)	

REGISTRAR OFFICE
Dy. No. 7916
Date: 16-6-23

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c) Procurement of Power from Competitive Supplier and Supplier of Last Resort (SoLR) Simultaneously

KE understands that the existing Notified Regulatory Framework does not allow the arrangements where a BPC can procure electric power from SoLR and from a Competitive Supplier at the same time i.e., once an eligible consumer opts for open market, such a consumer remains no longer part of the regulated market and this arrangement is prohibited under Regulation 4(f) and 6 of the NEPRA Consumer Eligibility Criteria (Electric Power Suppliers) Regulations, 2022.

Moreover, as per the current Notified Regulatory Framework, a consumer of a Competitive Supplier shall only be eligible to get supply from SoLR either when the Competitive Supplier has defaulted in its obligation to supply power and a notice of termination of the arrangement between the eligible consumer and Competitive Supplier has been served by such eligible consumer, or the eligible consumer has terminated the arrangement with the Competitive Supplier in accordance with the bilateral supply agreement between the Competitive Supplier and such eligible consumer.

Therefore, it is humbly requested that supply from SoLR cannot be procured if a BPC opts for a Competitive Supplier under the existing Notified Regulatory Framework.

d) Stranded Cost and Cross-Subsidy Surcharge

Under the existing Notified Regulatory Framework, only Bulk Power Consumers (BPCs) i.e., consumers with load > 1MW are eligible to enter into a bilateral contract with a Competitive Supplier. As per the Indicative Generation Capacity Expansion Plan (IGCEP) approved by NEPRA in February 2023, it is envisaged that the generation capacity surplus based on peak demand, which is around 12,000 MW (as of 2022), will increase to around 25,000 MW by 2031. Accordingly, once an eligible consumer opts to shift from the regulated market to the non-regulated market, this would result in stranded costs. Therefore, allowing eligible consumers / BPCs to procure power through bilateral contracts or directly from the market without any recovery of costs arising due to advent of open access / stranded costs, would exacerbate the issue of idle capacity and further increase the cost for regulated consumers, as long-term capacity commitments have already been made/planned.

Moreover, it is pertinent to highlight that under the GoP's existing policy for consumer-end tariff, high-end consumers including BPCs cross-subsidize low-end consumers. By allowing BPCs (*currently eligible consumers to enter into bilateral contract with supplier of their choice*) to procure power directly from the market, BPCs will be able to avoid cross-subsidy payments. Here, it is also important to note that the cross subsidy is a social obligation imposed on DISCOs and KE as per GoP policy and has no nexus with the efficiency or performance of DISCOs or KE.

In this regard, attention is drawn to Para 5.6.7 of the National Electricity Policy 2021 and Principle (vi) of the CCoE approved principles for Competitive Markets, which state that the Regulator will provide for recovery of costs arising due to advent of the competition, as decided by the Government. (*Relevant extracts reproduced below for ease of reference*)

National Electricity Policy (5.6.7)

The Regulator will provide for recovery of costs arising on account of distributed generation and open access in the consumer-end tariff, as decided by the Government. Further, the Government may announce, from time to time, various concessional packages to incentivize additional consumption to minimize such costs.

CCoE Approved Principles for establishing Competitive Wholesale Market (vi)

The Regulator should account for stranded fixed costs that arise due to advent of the competition. The Federal Government should decide whether such costs will be paid through Government subsidy or otherwise charged to consumers through regulatory process (Accounting for fixed costs that become stranded)

In view of the above, KE humbly requests the Honorable NEPRA Authority that to avoid any additional cost to regulated consumers, a mechanism is devised and finalized in consultation with all stakeholders to ensure recovery of costs associated with opening up of the market including stranded costs and lost cross subsidy surcharge, which would be critical to send the correct signal to the market as well facilitating a sustainable transition towards open markets.

e) CTBCM Model as a single framework for Open Market / Bilateral Transactions

It is humbly submitted that the CTBCM Model should be the single framework for all bilateral / open market transactions. KE understands that as per the approved CTBCM design, competition is to be introduced at the supply end, and network of existing network licensees shall be utilized to wheel the power. Accordingly, laying of new / additional network by another network operator in jurisdictions where a network already exists will not be prudent.

Therefore, KE humbly requests that while competition / choice of supplier is for supply business, for the purpose of open market / bilateral transactions, network of the existing network licensee for the particular service area should be utilized for wheeling of power in accordance with NEPRA Open Access Regulations, 2022.

The CTBCM model is a major change to Pakistan's power sector landscape, aimed at bringing efficiency in the power sector and structural changes directed towards development of an efficient liquid power market. KE appreciates market reforms for an efficient competitive power market and is confident that appropriate regulatory and policy decisions for implementation as envisaged under the National Electricity Policy 2021 would help shape a resilient Pakistan power market for the future.

KE humbly requests the Honorable Authority for consideration of the above comments.

Sincerely,



Muhammad Imran Qureshi
Chief Regulatory Affairs &
Government Relations Officer



LAHORE ELECTRIC SUPPLY COMPANY LIMITED

DIRECTORATE GENERAL MIRAD LESCO HQ

near 132 kV Garden Town Grid Station, Ferozpur Road, Lahore

Ph: 042-99232117, www.lesco.gov.pk

Complete

SUB: NOTICE FOR COMMENTS IN THE MATTER OF APPLICATION OF PECHS VALANCIA (HOUSING SOCIETY) FOR GRANT OF DISTRIBUTION LICENCE

REF: NEPRA' advertisement published on 16.04.23

LESCO preliminary comments / observations are as under:-

1. NEPRA' determination dated 12.11.20 for approval of detailed design and implementation roadmap of CTBCM in its section I (Decision of the Authority) para (ii) (f) mentioned that *"The Authority does not approve the Annexure-III of the Detailed Design dealing with the subject matter. In this regard, the Supplier Regulations to be formulated by the Authority will provide a framework for the integration of small distribution licensees (housing societies) in the CTBCM"*.
2. NEPRA has issued Licensing (Distribution) Regulations, Consumer Eligibility Criteria (Distribution Licensees) Regulations, Licensing (Electric Power Supplier) Regulations and Consumer Eligibility Criteria (Electric Power Supplier) Regulations on 28.03.22.
3. Supplier Regulations cater for supplying power to BPCs.
4. NEPRA has issued Market Operator Licence to CPPA-G and approved Market Commercial Code on 31.05.22.
5. PECHS Valancia is not registered as Market Participant / Service Provider with Market Operator.
6. Necessary compliance to NEPRA' Licensing (application modification, extension and cancellation) Procedure Regulations (2021), especially its clause 3 and Schedule III (C) (Distribution), may be looked into.
7. PECHS Valancia Lahore is presently being fed by LESCO via three connections:-
 - Ref. no. 24-11221-9000650 under tariff C-2b with sanctioned load 4990 kW
 - Ref. no. 24-11221-9000651 under tariff C-2b with sanctioned load 4900 kW
 - Ref. no. 24-11221-9000652 under tariff C-2b with sanctioned load 4900 kW
8. Detailed jurisdiction map has not been provided.
9. PECHS Valancia neither has Supplier Licence nor applied for it.
10. PECHS Valancia has mentioned that its demand in summer is 30 MW. So from where it will manage its remaining load requirement?
11. Whether LESCO will be the sole source of supply to PECHS Valancia OR otherwise?

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12. Whether a BPC of XW DISCO can become Distribution licensee / Supplier?
 13. Whether the applicant is providing net metering to its residents? If yes, what is the quantum now?
 14. Brief history of Valancia housing Society, provided by LESCO P&D vide its letter dated 24620-24 dated 05.05.23, is attached for kind consideration.

D.A: as above

Mirad
 Director General (MIRAD)
 LESCO

To:

Registrar,
 NEPRA,
 Attaturk Avenue (East) G-5/1, Islamabad

Copy:

1. Chief Law Officer LESCO
2. S.O to C.E.O LESCO
3. Master File

No. 3587-90 /MRD

Dated 12-05-2023

Dir

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For kind information please

1. Chairman	2. M (Tech.)
3. M (Lic.)	4. M (Trf. & Fin)
5. M (Law)	

Dir (R.O)



LAHORE ELECTRIC SUPPLY COMPANY LIMITED

Chief Engineer (P&D)

22/A-Queens Road, Lahore

Ph: 99204818, PBX: 99204820-30 (Ext.200)

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Subject: PUBLIC NOTICE FOR SEEKING COMMENTS IN THE MATTER OF APPLICATION OF PECHS VALENCIA FOR GRANT OF DISTRIBUTION LICENSE

Ref: Your office letter No. 3219-23/MRD dated 20-04-2023

630
Date 10/3/23

Above-referred letter was received in this office regarding subjected matter. Brief history of Valencia Housing Scheme is submitted for your perusal please.

1. One point bulk supply for load of 3000kW under Tariff C-2 through 11kV independent feeder from 132kV WAPDA Town Grid Station was allowed by Chairman Area Board vide this office letter No.4252-33/Design/12-A /CAEB dated 02-11-1996
2. The Management of Valencia applied for handing over the External Electrification HT/LT distribution network of the Housing Scheme to LESCO on 14-03-2009 & 03-05-2010 in order to discontinue the existing one-point bulk supply connection so that LESCO can take over the Electrical Distribution System.
3. LESCO agreed in principal to the request of the Management of the Society and a MOU was signed between the Management of Valencia Housing Scheme and (LESCO) on 18-12-12 for handing over of external electrification distribution system.
4. The provisional approval for source of supply to the existing /proposed overhead/underground HT/LT system for total ultimate load demand of 45119.06 kW and from one point supply of 3000-KW under tariff C-2a to individual metering, in PECHS Valencia Lahore, through 10 Nos. 11 kV feeders which will emanate from proposed 132/11kV Valencia Grid Station was accorded vide this office letter No. 4778-84/DRW/12 dated 28-10-2014 .
5. Sponsor had transferred 32 kanal land to LESCO for construction of 132kV Valencia Grid station. The grid is now constructed and energized.
6. In 24th meeting of Technical and IT Committee LESCO, held on July, 10 2015 the Committee didn't agree with the proposal of taking over the distribution network of Valencia Housing by LESCO and recommended to continue with the existing arrangement i.e. one point supply.
After various meetings with management of Valencia Housing scheme, they opted for one-point supply under S.R.O.1134(I)/2015 NEPRA (Supply of Electric Power) Regulations, 2015, Part-II Point 5 O&M arrangement instead of going for distribution License from NEPRA. Distribution License case was pending before NEPRA.
8. A contract agreement signed between the Management of Valencia Housing Scheme and Lahore Electric Supply Company Ltd (LESCO) on 03-01-17 for opting one point supply under S.R.O.1134(I)/2015 NEPRA (Supply of Electric Power) Regulations, 2015, Part-II Point 5 O&M arrangement.

9. Secretary PFCHS Valencia submitted application to NEPRA as per clause 2 of Contract Agreement on 02-01-2017 for approval remained pending with NEPRA.
10. In the meantime, NEPRA changed the template of O&M agreement vide SRO 832 dated 08-09-2020 which has been challenged by the LESCO before the honorable Lahore High Court Lahore vide writ petition No. 6022 of 2021 which is still pending.
11. The management of society submitted revised draft of O&M agreement dated 03-03-2022 in the light of SRO 832 dated 08-09-2020 but the same was not processed by LESCO being sub judice.
12. In the meantime, the sponsor approached NEPRA for taking over the distribution network by LESCO vide NEPRA complaint No. LESCO-56-10/2021.
13. LESCO was directed by NEPRA to take over the distribution system of Valencia Housing Scheme after fulfilling all the codal formalities vide NEPRA office letter No. NEPRA/DG(CAD)/TCD-05/4018-22 dated 19-11-2021.
14. This office informed the management of society to submit the design proposal by incorporating the existing network for taking over the distribution system as per NEPRA CSM 2021 vide this office letter nos. 29299-402 DRW/12 dated 02-12-2021, No.1066-70 DRW/12 dated 20-01-2022, No. 3167-68 DRW/12 dated 23-02-2022 & No.918-23 DRW/12 dated 21-07-2022 but the proposal is still awaited.
15. Instead of submitting the design proposal, they are approaching for Distribution License to NEPRA.

As far as matters of Distribution License within the jurisdiction of LESCO is concerned, the same may be dealt by your good office.

DA/As above

Chief Engineer (P&D)
LESCO Lahore

To,

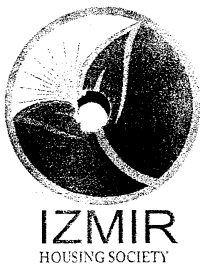
Director General MIRAD
LESCO Lahore

Info:

1. GM Technical LESCO
2. GM Operation LESCO
3. Chief Law Officer LESCO
4. Chief Engineer O&M LESCO

No. 24/620-24 LESCO/2nd/DRW/12

Dated 05/05/2023



PAKISTAN EXPATRIATES CO-OPERATIVE HOUSING SOCIETY (PECHS) IZMIR LTD. LAHORE

PECHS/Izmir/Secretary.Misc./2023-1548

April 20, 2023

To,

Mr. Iftikhar Ali Khan,
Additional Director General,
National Electric Power Regulatory Authority (NEPRA)
NEPRA Tower, Attaturk Avenue (East),
G-5/1, Islamabad.

Subject: APPLICATION FILED BY PAKISTAN EXPATRIATES COOPERATIVE HOUSING
SOCIETY (PECHS) VALANCIA FOR GRANT OF DISTRIBUTION LICENCE.

I am directed to inform that the Management of PECHS, Izmir has **No**
Objection if the distribution Licence is granted to the applicant Society under
rules.

With profound regards,

Malik Ghulam Sabir
General Manager
PECHS Izmir Ltd.
Lahore.

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For kind information please
1. Chairman
2. M (Tech.)
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PUNJAB INDUSTRIAL ESTATES

DEVELOPMENT AND MANAGEMENT COMPANY

A Company setup under Section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017)



Ref No. PIE/CEE/NEPRA-1068

Dated: May 05, 2023

To,

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, Ataturk Avenue (East)
Sector G-5/1, Islamabad.

SUBJECT: COMMENTS ON APPLICATION OF PAKISTAN EXPATRIATES COOPERATIVE HOUSING SOCIETY (PECHS) VALENCIA LTD. FOR DISTRIBUTION LICENSE FILED WITH NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

Dear Sir,

Refer to NEPRA's notice for seeking comments on the application of Distribution license submitted by PECHS VALENCIA published on April 16, 2023 in newspapers, PIEDMC's comments on the application are as follows:

PART-A: COMMENTS ON THE APPLICATION BY PIEDMC

The following documents required as per SRO 760(I)/2021 have not been attached with the application:

- Evidence of cash balances held in reserve by the applicant, along with bank certificates u/s 3(4)(d)(i)
- Details of charges or encumbrances attached to the applicant's assets, if any u/s 3(4)(d)(ii)
- Latest audited financial statements of the applicant u/s 3(4)(d)(iii)
- Documents describing the net worth and the equity and debt ratios of the applicant, as on the date of the audited balance sheet accompanying the application u/s 3(4)(d)(v)

PART-B: RECOMMENDATION

- PIEDMC recommends the grant of distribution license to PECHS Valencia, if the applicant fulfills the requirements of SRO 760(I) 2021 and further qualifies in all technical aspects.

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For kind information please

- 1. Chairman
- 2. M (Tech.)
- 3. M (Lic.)
- 4. M (Trf. & Fin.)

With Regards

Chief Engineer Electrical

Copy to:

1. Chief Executive Officer, PIEDMC.
2. General Manager Technical, PIEDMC.
3. Director General, Licensing, NEPRA.

REGISTRAR OFFICE

Diary No. 5872

Date: 05-05-23

Head Office: Commercial Area (North) Sundar Industrial Estate, Sundar Raiwind Road, Lahore.

Tel: 042-35297203-6, Fax: 042-35297207, UAN: +92-42-111-743-743

Website: www.pie.com.pk E-Mail: info@pie.com.pk

An Approved Non Profit Organisation U/S 2(36) of Income Tax Ordinance 2001



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