



PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)

Tel: 091-9211990
Fax: 091-9212024
www.pesco.com.pk

Office of The
Chief Executive Officer
PESCO Peshawar

No. PESCO/CEO/ DG MIRAD/1488-90

Date 13/09/2024

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

Subject: Licensee Proposed Modification in the Supplier License of the Peshawar Electric Supply Company Limited

1. I, **Akhtar Hamid Khan**, being the Chief Executive Officer and duly authorized representative of Peshawar Electric Supply Company Limited (**PESCO**) by virtue of a resolution passed vide company secretary letter NO 3134-35/RTC Dated 29/08/2024, hereby apply to the National Electric Power Regulatory Authority for modification of PESCO's Supplier License No. SOLR/07/2023 pursuant to Section 23 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, read with Regulations 9 & 10 of the National Electric Power Regulatory Authority Licensing (Application Modification, Extension, and Cancellation) Procedure Regulations, 2021.

2. I hereby certify that the documents in support attached with this petition are prepared and submitted in conformity with the provisions of the National Electric Power Regulatory Authority Licensing (Application Modification, Extension, and Cancellation) Procedure Regulations, 2021 and undertake to abide by the terms and provisions of the above-said regulations. I further undertake and confirm that the information provided in the attached documents-in-support is true and correct to the best of my knowledge and belief.

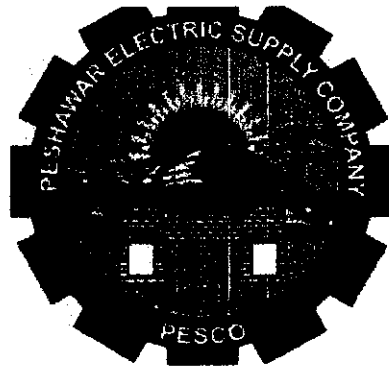
3. A bank cheque No 13 83818789 in sum of Rs. 3701531 (**Rupees Three Million Seven Hundred and One thousand Five hundred and Thirty one only**), being the non-refundable license application fee calculated in accordance with Schedule II to the National Electric Power Regulatory Authority Licensing (Application Modification, Extension, and Cancellation) Procedure Regulations, 2021, is also attached herewith.

Sincerely,

Akhtar Hamid Khan
Chief Executive Officer
PESCO, Peshawar

CC:

1. DG MIRAD PESCO PESHAWAR.
2. COMPANY SECRETARY BOARD OF DIRECTORS PESCO, PESHAWAR.



PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

LICENSEE PROPOSED MODIFICATION TO
SUPPLIER LICENSE NO. SOLR/07/2023

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

LICENSEE PROPOSED MODIFICATION IN SUPPLIER LICENSE NO. SOLR/07/2023 BY PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED UNDER SECTION 26 OF THE REGULATION OF GENERATION, TRANSMISSION & SUPPLY OF ELECTRIC POWER ACT, 1997, READ WITH REGULATIONS 9 AND 10 OF THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY LICENSING (APPLICATION MODIFICATION, EXTENSION, AND CANCELLATION) PROCEDURE REGULATIONS, 2021

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Annex-P1	Resolution of PESCO's Board of Directors dated 29 th December 2023
Annex-P2	PESCO's Scheme of Bifurcation
Annex-P3	Power Division's Summary for the Cabinet dated 13 th July 2023
Annex-P4	Cabinet's decision dated 20 th July 2023
Affidavit by CEO, PESCO	

For the Petitioner: Peshawar Electric Supply Company Limited


Akhtar Hamid Khan
Chief Executive Officer
Peshawar Electric Supply Company Limited (PESCO)
WAPDA House, Shami Road, Peshawar Cantt, Peshawar
Tel: 091-9211990
Email: ceopesco@yahoo.com

A. General Information of the Petitioner

Name of Petitioner: Peshawar Electric Supply Company Limited

Registered Address: WAPDA House, Shami Road, Peshawar Cantt,
Peshawar.

License to be Modified: SOLR License No. SOLR/07/2023 issued on
27th December, 2023

No. of Consumers:

Current: 4.4 million (appx.)

After acceptance of LPM: 3.62 million (appx.)

B. Background

1. In 1998, the Federal Government, as part of its plan to restructure the power sector in Pakistan, decided to unbundle the Power Wing of the Water & Power Development Authority (WAPDA). This decision was taken in pursuance of a strategic plan, which was approved by the Council of Common Interests in 1993. Under this plan, WAPDA's Power Wing was to be unbundled, so that the power generation (thermal), transmission, and distribution businesses could be carved out of WAPDA's Power Wing and entrusted to newly formed companies.
2. In 1998, the Federal Government incorporated several companies, and subsequently, WAPDA transferred a number of its asset blocks to these newly created companies, which included power distribution companies or "DISCOs." One of these was the Petitioner, Peshawar Electric Supply Company Limited (PESCO).
3. PESCO was granted a Distribution license (License No. DL/07/2002) by NEPRA on 30th April 2002. Initially, this license allowed PESCO to supply electricity all over the province of Khyber Pakhtunkhwa (KPK) (formerly

N.W.F.P.) as well as the former Federally Administered Tribal Areas (FATA). PESCO also owned the entire power distribution network in FATA.

4. In 2007, the Federal Government decided to bifurcate PESCO by creating a separate distribution company to supply power to the areas under the erstwhile FATA. This new company, Tribal Areas Electric Supply Company (TESCO), was operationalized in 2007, and PESCO's distribution assets and network in FATA were transferred to TESCO.
5. TESCO was granted a Distribution license by the Authority on 12th August 2013, and on the same date, NEPRA approved Modification No. 1 to PESCO's old Distribution license by removing the areas falling in the former FATA from PESCO's service territory.
6. On 14th January 2022, PESCO applied to the Authority for renewal/extension of the Distribution license License No. DL/07/2002. However, on 9th May 2023, the Authority granted PESCO a fresh Distribution license (License No. DL/07/2023) for the distribution of electric power in its service territory on a non-exclusive basis, for a term extending up to 8th May 2043.
7. PESCO was also issued a supplier license vide No. SOLR/07/2023 on the 27th of December 2023 to comply the NEPRA ACT, amended 2018, as a supplier of last resort. This license authorizes PESCO to act as the last resort supplier in its declared territory to fulfill the capacity obligation under the post CTBCM regime.
8. Under the post CTBCM regime an electricity distribution licensee is also required to get a SOLR license as distribution licensee can only act as the supplier of last resort if he also possesses the Supplier license.

9. Shareholding in all DISCOs is fully owned/controlled by the Federal Government. The DISCOs are, accordingly, "state-owned enterprises" as defined in Section 2(o) of the State-Owned Enterprises (Governance & Operations) Act, 2023.

C. Proposal for Bifurcation of PESCO

10. The idea of bifurcating PESCO for various technical, commercial, and managerial reasons has been under consideration for many years. When PESCO applied for an extension/renewal of its existing supplier license in 2022, the Authority framed the following issue to address this matter:

(f). The service area of all the DISCOs is relatively large. Would it not be prudent to consider bifurcating these into smaller units to bring more efficiency?"

11. During the hearing on PESCO's application on 21st April 2022, PESCO made the following submissions, as recorded in para-11 of the Authority's decision:

"(11). About bifurcating the service area of DISCO(s) into smaller units, PESCO was of the view that PESCO has already been working on bifurcation of the Company into smaller DISCOs to improve its efficiency and for provision of better services to its consumers. The case has been submitted to General Manager (Technical Services), Power Planning & Monitoring Company (Pvt) Limited, Islamabad for further consideration."

12. The issue of bifurcating large DISCOs, such as PESCO, QESCO, and MEPCO, was taken up in a meeting of the Federal Cabinet held on 21st December 2022, which directed the Ministry of Energy (Power Division) to review the matter and determine the viability of bifurcating large DISCOs, including PESCO. The Power Division accordingly constituted a committee headed by the then Federal Minister for Power Division to review this issue. The committee referred the matter for a detailed technical, administrative, and commercial evaluation to the Power Planning & Monitoring Company (PPMC), which asked several large DISCOs, including PESCO, to carry out a detailed review of the proposal.

13. In compliance with PPMC's directives, the CEO of PESCO constituted a committee on 11th March 2022 to comprehensively review the proposal to bifurcate PESCO and to provide a recommendation. This committee consisted of the following members:

- | | | |
|-------|--------------------------|----------|
| (i) | Chief Engineer (P&E) | Convenor |
| (ii) | Chief Commercial Officer | Member |
| (iii) | Chief Engineer (O&M) T&G | Member |
| (iv) | Director General (HR) | Member |
| (v) | Finance Director | Member |
| (vi) | Project Director (GSC) | Member |
| (vii) | Manager (MIRAD) | Member |

14. Salient features of the review carried out by the aforementioned committee are as follows:

- (i) PESCO was supplying power under its license to 28 districts in the province of KPK, covering an area of 78,088 sq. km, with 3.849 million consumers as of June 2021.
- (ii) PESCO's license areas had experienced difficult situations since 2001 due to factors such as militancy and terrorism. Extreme poverty in many areas, along with other factors, led to difficulties in recovering arrears and a rise in electricity theft.
- (iii) Since its inception, the number of consumers in PESCO's administrative units has increased significantly, making them unmanageable.
- (iv) PESCO's current organizational structure could not support the integration of new technologies, such as AMR, GIS, mobile meter reading, and IT-based interventions.
- (v) PESCO also faced problems due to a severe shortage of technical and non-technical field staff.

- (vi) The bifurcation of PESCO would improve the efficiency and control of operational functions by increasing revenue realization, reducing T&D losses, and improving service continuity and reliable power supply.
- (vii) The bifurcation would enable better management of surveillance, operation, vigilance, and customer service. Many issues cannot be managed from Peshawar due to the long distances between the circles and the current headquarters.
- (viii) After bifurcation, employees would be assigned to the DISCO relevant to their district of domicile, helping them perform better and familiarize themselves with their area of posting.

(g) The committee, therefore, recommended:

- *The bifurcation would be beneficial provided that both human and financial resources are made available as per the latest yardstick, and it would further improve the following:*
- *Better monitoring and control with economical utilization of resources.*
- *More focused investment and closer monitoring of non-compliant areas.*
- *Management size of consumers as well as the transmission and distribution system.*
- *Reduction in line losses and improvement in recovery.*
- *Ensuring stable/uninterrupted power supply to consumers by timely*
- *Prompt redressal of consumer complaints.*

15. Despite the aforementioned internal and external governance structure, PESCO has continued over the years to suffer from significant losses resulting in its current financial crisis. The increasing demand of uninterrupted power consumption and interests of commercial and industrial clients has led to a situation, where managing the expanse of the whole province of KPK has become unmanageable by PESCO. It has thus become inevitable to bifurcate PESCO and carve a part of its territory for

better technical, commercial, and administrative performance.

16. The areas comprising of the present Hazara-I and Hazara-II Circles of PESCO, being geographically and commercially heterogeneous as compared to the rest of the province of Khyber Pakhtunkhwa are therefore ideal to start the process of breaking down PESCO into more manageable units. These areas cover the following districts on the province of Khyber Pakhtunkhwa:

- (i) Abbottabad;
- (ii) Haripur;
- (iii) Mansehra;
- (iv) Battagram; and
- (v) Torgar;

(“HAZECO’s Proposed Service Territory”)

17. It was accordingly proposed that PESCO should be bifurcated by carving out HAZECO’s Proposed Supply Service Territory from PESCO’s existing Service Territory of Supply.

D. Approval of the Federal Government for bifurcation of PESCO and establishment of HAZECO

18. On 13th July 2023, the Ministry of Energy (Power Division) submitted a summary to the Federal Cabinet, with the following proposal at para-5:

5. In view of the foregoing, the Federal Government’s approval is solicited for:

(i) Creation of a new power distribution company by the name of Hazara Electric Supply Company (HAZECO) to take over PESCO’s power distribution business in the present Hazara-I and Hazara-II circles,

(HAZECO) to take over PESCO's power distribution business in the present Hazara-I and Hazara-II circles, and to commence business subject to all legal and regulatory requirements;

(ii) Authorization to the Power Division to take all steps to affect the incorporation of HAZECO, to formulate and implement the bifurcation plan for PESCO, and for the following officials to act as the initial 'promoters' of HAZECO:

- *Secretary, Power Division;*
- *Additional Secretary – I, Power Division;*
- *Sr. Joint Secretary (CAD), Power Division.*

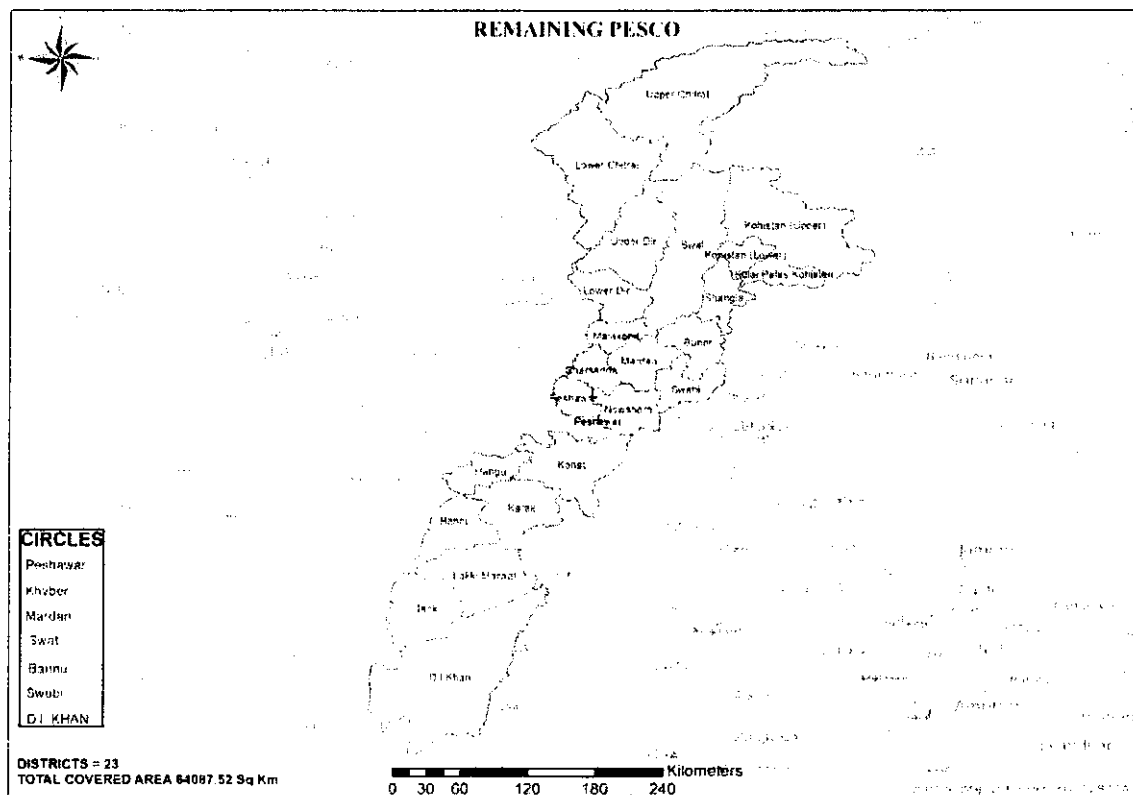
(iii) Reorganization / Restructuring of PESCO by dividing its business and assets between PESCO and HAZECO as per all legal and regulatory approvals.

19. The summary submitted by the Ministry of Energy (Power Division) was approved by the Federal Cabinet on 20th July 2023 and HAZECO was formally incorporated as a public limited company on 31st October 2023. Shareholding in HAZECO is also wholly owned by the Federal Government.

E. Approval for Bifurcation of PESCO's Distribution Area by PESCO's Board of Directors

20. The comprehensive technical and commercial proposal for bifurcation of PESCO's Service Territory by excluding the areas that presently consists of PESCO's Hazara-I and Hazara-II Circles was presented before the 195th meeting of PESCO's Board of Directors held on 29th December 2023 and was duly approved.
21. The scheme for bifurcation, approved by PESCO's Board of Directors include details on division of human resource, technical resources and distribution network, financial resources including debts and liabilities, division of legal

22. PESCO's Board of Directors further resolved to file a license modification petition before the Authority to seek the deletion of HAZECO's Proposed Service Territory by modifying PESCO's Distribution License.
23. As per the scheme of bifurcation approved by PESCO's Board of Directors, HAZECO's Proposed Service Territory, and PESCO's remaining Service Territory is depicted in the map below:



24. Based on the feasibility studies and bifurcation plan approved by the Federal Government on 20th July 2023, as well as PESCO's Board of Directors in its 195th meeting held on 29th December 2023, and on the basis of the e documents annexed with this petition, the Petitioner seeks modification of its Supplier's License No. SOLR/07/2023 to exclude the areas comprising of the HAZECO's Proposed Service Territory from the PESCO's Service

Territory of supply as supplier of last resort.

25. **The Petitioner hereby certifies** that the proposed modification to remove HAZECO's Proposed Service Territory from the PESCO's Service Territory:

- (i) Shall not adversely affect PESCO's performance of its obligations under its existing Supplier's License (SOLR), or the Applicable Documents;
- (ii) Is reasonably necessary for PESCO to efficiently and effectively perform its obligations under its Distribution License;
- (iii) Is likely to benefit PESCO's consumers; and
- (iv) Is reasonably necessary to ensure the continuous, safe, and reliable supply to electric power to the consumers, keeping in view PESCO's financial and technical viability.
- (v) Shall have no effect on PESCO's tariff, quality of service, and its ability of fulfill its obligations under the Supplier's License (SOLR).

26. The Petitioner has duly complied with all requirements under the provisions of National Electric Power Regulatory Authority Licensing (Application Modification, Extension, and Cancellation) Procedure Regulations, 2021 and undertakes to fulfill any other requirements in this regard prescribed by the Authority.

27. The Petitioner furthermore understands that HAZECO has also filed a petition before the Authority for the grant of a new Supplier's license as Supplier of Last Resort license for the areas falling under HAZECO's Proposed Service Territory.

F. Prayer

28. In view of the foregoing, it is prayed that the Authority may be pleased to

approve the instant licensee proposed modification under Section 26 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, read with Regulations 9 and 10 of the National Electric Power Regulatory Authority Licensing (Application Modification, Extension, and Cancellation) Procedure Regulations, 2021, and to remove the following districts in the province of Khyber Pakhtunkhwa from the Service Territory of PESCO.

- (i) Abbottabad;
- (ii) Haripur;
- (iii) Mansehra;
- (iv) Battagram; and
- (v) Torghar;

29. It is further prayed that all other provisions of PESCO's Supplier's License Supplier of Last resort should remain unchanged.

Islamabad, 29th of August 2024

*Petitioner/Peshawar Electric Supply Company Limited
through*



Akhtar Hamid Khan
Chief Executive Officer
PESCO, Peshawar

**National Electric Power Regulatory Authority
(NEPRA)
Islamabad – Pakistan**

ELECTRIC POWER SUPPLY LICENCE

No. SOLR/07/2023

In exercise of the powers conferred under Sections-23E and 23F of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended from time to time (the "Act"), the Authority hereby grants the Electric Power Supply Licence to:

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

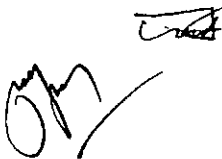
Incorporated Under the Companies Ordinance, 1984
having Certificate of Incorporation No. L09497 of 1997-98
Dated April 23, 1998

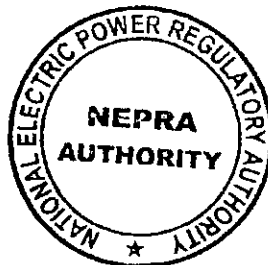
to engage in electric power supply business as Supplier of Last Resort (SoLR) subject to and in accordance with the terms and conditions of this licence.

This Licence is given under my hand on 27^{*} day of December Two Thousand & Twenty Three and shall remain valid with effect from 27th April 2023 up to 26th April 2043



Registrar







PESHAWAR ELECTRIC SUPPLY COMPANY

Phone No. 091-9210226
Fax No. 091-9223136
Email: sec.pesco@gmail.com

Office of the
Company Secretary PESCO
Room No.158 Wapda House,
Shaml Road, Peshawar

No. 3134-35/RTC

Dated 29 /08/2024

Director General (MIRAD)
PESCO HQ.

Subject: - **RESOLUTION THROUGH CIRCULATION FOR AUTHORIZATION OF CHIEF EXECUTIVE OFFICER PESCO TO SUBMIT PETITION OF MODIFICATION OF DISTRIBUTION AND SUPPLIER LICENSES TO NEPRA.**

Reference: - Item note submitted vide letter No. 1461 dated 28-08-2024.

As per your request mentioned in the above referred letter/item note, the case was submitted to PESCO Board of Directors, to accord approval through circulation for "Authorization of Chief Executive Officer PESCO to submit petition of modification of Distribution and Supplier Licenses to NEPRA". The same resolution through circulation has been duly approved/singed by the majority of the Board of Directors, PESCO.

RESOLUTION THROUGH CIRCULATION: -

Considering the request of the management, the Board resolved to approve the authorization of Chief Executive Officer, PESCO to apply for the modification of the PESCO Distribution License, Supplier License in accordance with NEPRA licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021.

Board resolution as stated above is based on the following confirmations from the management;

- a) No material information has been withheld and the working papers represent all facts of the case.
- b) All legal and codal formalities have been complied with.
- c) There is no conflict of interest of any officer of the PESCO.
- d) Concerned Official/Officer of PESCO's management would be liable for any omission/misstatement of the facts and figures in the working papers.

Please take further necessary action in light of Board resolution; under intimation to this office.

DA/ (RTC attached).


COMPANY SECRETARY
PESCO

Copy to:

1. Chief Executive Officer, PESCO.



PESHAWAR ELECTRIC SUPPLY COMPANY

Phone No. 091-9210226
Fax No. 091-9223136
Email: sec.pesco@gmail.com

Office of the
Company Secretary PESCO
Room No.158 Wapda House,
Shami Road, Peshawar

No. 2318-20 /194th BoD

Dated 05 /12/2023

Chief Engineer (Technical),
PESCO, HQ.

Director General (HR),
PESCO, HQ.

Finance Director,
PESCO, HQ.

Subject: - **Decision of the 194th Meeting of Board of Directors. PESCO.**

PESCO Board of Directors in its 194th Board meeting held on 23-11-2023, deliberated the below mentioned agenda point. The discussion and the decision of the Board are cited as under: -

Other Agenda Point # (i)

Bifurcation of PESCO and Establishment of HAZECO

Chief Executive Officer, PESCO apprised the Board that Hazara Electric Supply Company Limited (HAZECO) has been incorporated on 31-10-2023 by the SECP. He further apprised that the following committees have constituted to oversee and facilitate a smooth transition in the bifurcation process with respect to distribution of assets and modification in license etc. etc. -

- I. Technical/Commercial Committee
- II. Finance Committee
- III. HR Committee

The Committees are working as per defined TORs for allocation/distribution of resources and smooth transition of the bifurcation process.

RESOLUTION 194-BOD-R6

The Board resolved to approve/ratify the PESCO's bifurcation and creation/incorporation of Hazara Electric Supply Company Limited (HAZECO). Further, the Board directed management to place the reports/detail working of the Committees constituted above in respective BoD sub-committees/Board for further deliberation/approval.

Please take further necessary action in light of the Board decision, under intimation to this office.

COMPANY SECRETARY
PESCO



PESHAWAR ELECTRIC SUPPLY COMPANY

Phone No. 091-9210226
Fax No. 091-9223136
Email: sec.pesco@gmail.com

Office of the
Company Secretary PESCO
Room No.158 Wapda House,
Shami Road, Peshawar

No. 2510 /196th BoD

Dated 29/12/2023

Finance Director,
PESCO, HQ.

Subject: - **Decision of the 196th Meeting of Board of Directors. PESCO.**

PESCO Board of Directors in its 196th Board meeting held on 27-12-2023, deliberated the following agenda point. The discussion and the decision of the Board are as under: -

Agenda Point # 3

Approval for Bifurcation of Assets & Liabilities and the Accounts of HAZECO & Remaining PESCO.

In light of the directions issued by the Board of Directors, PESCO in its 195th meeting held on 19-12-2023, the management presented the detailed analysis regarding the allocation of share of accumulated losses to HAZECO as well as the feasibility of allocation of AJ&K Receivables to remaining PESCO. All possible aspects regarding allocation of losses to HAZECO along with other critical points were thoroughly deliberated. After detailed discussion, it was decided to allocate accumulated losses to HAZECO amounting to Rs. 21.814 Billion in the ratio of HAZECO Non-current Assets to total Assets of PESCO i.e 5% approx. Accordingly, the revised identified basis of allocation and revised segregated Financials Statements are given as under: -

Basis for Segregation: -

Financial Statement component	Identified Basis
Operating fixed assets	
Land, Building Distributable equipment's	Geographical presence.
Vehicles	Physical possession at balance sheet date.
Other equipment's	Physical possession at balance sheet date.
Capital Work in Process	Geographical presence of work in process at balance sheet date.
Long term loans	Bifurcation is made on employee wise falls under respective territory of HAZECO and PESCO.
Stores, spare parts and loose tools	Bifurcation is made on Geographical presence as well as share of work in process under the territory of respective companies.
Trade debts	Actual receivable from customers in jurisdiction of each company.
Loans, advances and other receivable	

Advance to supplier	Actual as per trial balance of each area.
Advance taxes	Taxes are allocated to PESCO as HAZECO has no NTN due to newly incorporation.
Advances for expenses	Advance given for expense for each area as per trial balance.
Due from WAPDA	Allocated on actual basis i.e. supply of electricity and for receivable against WAPDA Welfare Fund Employee wise basis is used working in territory of each company.
Cash and bank balances	Actual cash held at bank by the offices of each company as well as share of deposits against capital expenditure.
Liabilities against government investment	Total amount allocated to PESCO due to losses incurred by PESCO territory.
Accumulated losses	Accumulated losses amounting to Rs. 21,814 million has been transferred to HAZECO at 5% (Ratio of Non-current Assets of HAZECO to total Assets of PESCO) net off adjustment of Rs. 5,641 million against share of equity injection with the approval of BoD.
Long term loans	Allocated on the basis of utilization of loan in respect territory, However, ERRRA Loan has been allocated to PESCO considering the at source adjustment of various loans against receivable from GoAJK, resulting in over-adjustment of Rs.1,420 million, against HAZECO.
Staff retirement benefits	Allocated on the number of employees working in territory of respective company.
Deferred credit	The area and purpose for which the development funds were received on proportionate basis.
Consumers' security deposits	Actual deposits received from customers falling in the territory of each company.
Trade and other payables	
Associated undertakings	Amount is allocated on actual basis with adjustment of Rs. 1,420 million of loan and Rs. 5,274 million of Subsidy receivable against CPPA-G payables.
Trade and other payable	All amount is allocated to PESCO and HAZECO on actual basis and by considering the nature of transaction fully allocated to PESCO under various heads.
Receipt against deposit work	Actual receipts against works in the territory of respective company.

Duties and other taxes	On the basis of actual existing customer in respective territory.
General sales tax	Actual payable of customer of each company.
Accrued liabilities	Actual accrual pertaining to territory of each company.
Capital contribution awaiting connections	On the basis of actual existing customer in respective territory.
Accrued markup	On the basis of utilization of loan in respective territory of each company.
Provision for taxation	All provision is allocated to PESCO due to NTN.
Revenue	Actual amount billed to the customers that exists in territory of respective company.
Amortization of deferred credits	According to segregation of deferred credits.
Cost of electricity	Calculated on the basis of actual unit consumed.
Administrative and General expenses	Allocated on the basis of each XEN / RO trial of each company and proportionate expenditure of Headquarter and centralized units.
Depreciation	On asset allocation basis.
Other income	Actual income generated by the division/ RO forming part of each company plus the income generated by common business units on the basis of actual allocation of division and RO's income for the same source.
Financial charges	
Markup	In proportion to the long-term loan allocated to each company.
Foreign currency fluctuation	In proportion to the long-term loan allocated to each company.
Bank charges	On charges incurred for services provided by banks of each company
HR Committees Constituted to operationalize HAZECO	Reports are prepared on the basis of actual as well as on need base.
Technical and Commercial Committees Constituted to operationalize HAZECO	Reports are prepared on actual basis of jurisdiction.
Allocation of Vehicles	The 130 No. of vehicles with a book value of Rs. 75,517,099 have been transferred to HAZECO.
Allocation of Grid stations	The 23 Grid stations out of 2 are under construction are allocated to HAZECO.
Segregation of Plots	The 36 plots are allocated to HAZECO.

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AS PUBLISHED BY THE NEWSPRESS OF GAZETTE
OF PAKISTAN PART-V

GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY
(POWER DIVISION)

Islamabad the January 18, 2023

NOTIFICATION

No.12(24)/2019-DISCO-II. In pursuance of Rule-4(5) of Rules of Business, the Prime Minister has been pleased to approve the establishment of Hazara Electric Supply Company (HAZECO), vide their U.O. No.22/PSPM/2023 dated 4.01.2023. For overall better management of the Electricity Utility of Peshawar Electric Supply Company (PESCO), to increase the operational efficiency and reduce line losses and for improvement in customer services, the Prime Minister has been pleased to approve bifurcation of PESCO.

2. Accordingly, the following decisions are made: -

(a) PESCO shall be bifurcated into 02 Companies i.e. PESCO and new Company with the name of Hazara Electric Supply Company (HAZECO).

(b) PESCO shall comprise 06 Circles namely Peshawar, Khyber, Swat, Bannu, Mardan and Swabi Circles, whereas HAZECO shall consist of 02 Circles namely Hazara-I and Hazara-II Circles with new Company's Headquarter at Abbottabad.

(c) To implement the bifurcation plan successfully, PPMC will assist PESCO and HAZECO.

Any point of difference in implementation of the above bifurcation between PESCO & HAZECO will be referred to Power Division.

(Musafa Nazar)
Section Officer (DISCO-II)

The Managing Director,
Printing Corporation of Pakistan Press,
Karachi.

Distribution:

1. The Secretary to the Prime Minister, Prime Minister's Office, Islamabad.
2. The Secretary to the President, President's Secretariat, Islamabad.
3. The Secretary, Establishment Division, Islamabad.
4. The Secretary, Cabinet Division, Islamabad.
5. The Secretary, Finance Division, Islamabad.
6. The Secretary, Privatization Division, Islamabad.
7. The Chairman, SECP, Islamabad
8. The Chief Secretaries, Government of Punjab, Sindh, KPK, Balochistan.
9. The Chief Secretary, Government of AJ&K, Muzaffarabad.
10. The Principal Information Officer, PID, Islamabad.
11. The Chairman, NEPRA, Islamabad.
12. The Managing Director, PPMC, Islamabad.
13. The Chairman BOD all DISCOs,
14. The CEOs of all DISCOs.

23/1/2023

ASSF C15
100-1
13/2/23

As per internal dated 13/2/23
by the Secy
C15

PROPOSAL FOR BIFURCATION OF PESCO

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

Phone# 091-9212230
Fax # 091-9212024

Office of the Chief Executive
Wapda House, Peshawar

No. 17833-4 / Bifurcation of DISCOs

Date: 11 / 03 / 2022

OFFICE ORDER

Subject: DECISION TAKEN IN THE CABINET MEETING HELD ON TUESDAY 21ST DECEMBER 2021- BIFURCATION OF LARGE DISCOs

In pursuance of Section Officer (DISCOs-II) Ministry of Energy (Power Division) GoP Islamabad Letter No. 12(01)/2018-DISCOs-II dated 09.03.2022 and General Manager (Technical Services)PPMC Islamabad Letter No. 1214-18 dated 10.03.2022, Chief Executive Officer PESCO Peshawar is pleased to constitute the committee comprising of the following officers for submission of visible proposal for Bifurcation of PESCO.

1. Chief Engineer (P&E) PESCO H/Q	Convenor
2. Chief Commercial Officer PESCO H/Q	Member
3. Chief Engineer (O&M)T&G PESCO H/Q	Member
4. Director General (HR) PESCO H/Q	Member
5. Finance Director PESCO H/Q	Member
✓ 6. PD GSC PESCO Peshawar	Member
7. Manager (MIRAD) PESCO H/Q	Member


Addl: Director General (HR)
PESCO H/Q Peshawar

Copy to:

1. Chief Engineer (P&E) PESCO H/Q
2. Chief Commercial Officer PESCO H/Q
3. Chief Engineer (O&M)T&G PESCO H/Q
4. Director General (HR) PESCO H/Q
5. Finance Director PESCO H/Q
6. PD GSC PESCO Peshawar
7. Manager (MIRAD) PESCO H/Q
8. Circulation File.

Alongwith relevant copies of the order and procedure /steps required for the Bifurcation of DISCOs

PROCEDURES & STEPS REQUIRED FOR BIFURCATION OF DISCO

3/8

1) Preparation of Working Paper

DISCOs will prepare a comprehensive working paper but not limited to the following activities:

- Study of existing of electrical networks of the company viz-a-viz:
 - Area of Jurisdiction
 - Customer profile
 - No. of Employees
 - HT/LT networks (Feeders, Average length of feeders, Distribution transformers
 - Grid Stations and transmission lines etc
 - Commercial parameters like losses, receivables
 - Quality of service
- Study of proposed networks after bifurcation
- Study of the CDPs, power sources from where proposed companies can import power
- Load flow studies for ascertaining the stability of proposed networks
- Justification of bifurcation
 - Loss reduction
 - Improvement in recovery
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- Benefit cost analysis
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- Man power transition.
- Distribution of assets and liabilities
- Proposed location of Headquarters
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- Arrangement for posting of manpower in new companies
- Allocation of Stores & Assets

2) Permission from the Privatization Commission

Permission from the Privatization Commission is required as they plan and implement the transaction for private-sector participation in the management of DISCOs using a concession or management contract model.

PROPOSAL FOR BIFURCATION OF DISCOs

No. 12(01)/2018-DISCOs-II
GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY
(POWER DIVISION)

GMTS/TS/PPMC
112
DATE 09-03-2022

Islamabad the March 09, 2022

MANAGING DIRECTOR
PPMC
09 MAR 2022
Pty # 174

The Managing Director,
PPMC,
Islamabad.



POWER PLANNING AND MONITORING COMPANY (PVT.) LIMITED
Office # 112, 1st Floor, Evacuo Trust Complex, Agha Khan Road, Islamabad
051-9211302, Fax: 051-2726915, Email: gmtpmmc@gmail.com

No. 1214-18
Dated 10-03-2022

Subject: - **DECISION TAKEN IN THE CABINET MEETING HELD ON TUESDAY THE 21ST DECEMBER, 2021**

In pursuance of Cabinet Decision's in case No. 1236/ 42/ 2021 dated 21-12-2022 (Annex-A), this Division notified a Committee vide Notification of even number dated 05-01-2022 (Annex-B) for firming-up and recommending on the viability of bifurcation of large DISCOs, including MEPCO, QESCO, and PESCO. The composition of the Committee is as under: -

- Minister for Energy (Convener)
- Minister for Planning, Development and Special Initiatives
- Minister for Industries & Production
- Minister for Science & Technology
- Advisor to the Prime Minister on Finance & Revenue

2. In order to proceed further, Managing Director, PPMC is requested to constitute a Committee comprising member of MEPCO, QESCO and PESCO for necessary working covering all areas of concerns and suggesting way forward to this Division latest by 31-03-2022 enabling the above Committee to firm-up recommendations regarding the bifurcation of MEPCO, QESCO and PESCO.

Encl: As above

(Naveed Ahmad)
Section Officer (DISCOs-II)

- Chief Executive Officer, MEPCO, Multan.
- Chief Executive Officer, PESCO, Peshawar.
- Chief Executive Officer, QESCO, Quetta.

Subject: **DECISION TAKEN IN THE CABINET MEETING HELD ON TUESDAY THE 21ST DECEMBER 2021 - BIFURCATION OF LARGE DISCOs**

Ref: Ministry of Energy (Power Division) letter No.12(01)/2018-DISCOs-II dated March 9, 2022 (copy attached).

1. Section Officer (DISCOs-II) has notified a Committee vide above referred letter in pursuance of Cabinet Decision's case No.1236/42/2021 dated 21.12.2021 for firming-up and recommending on the viability of bifurcation of large DISCOs, including MEPCO, QESCO and PESCO.

2. Further in compliance of above referred letter, a Committee is also being constituted with the approval of MD PPMC comprising of the CEOs of respective DISCOs, all GMs of PPMC, CEO PITC under the convenorship of MD PPMC enabling the main Committee constituted vide above referred letter to firm-up recommendations regarding bifurcation of MEPCO, QESCO and PESCO.

3. In this regard, it is requested to please submit comprehensive proposal / case of bifurcation of your DISCO keeping in view of large geographical spread, customer base, operational complexities etc. as per Procedure and Steps attached with this letter, for processing / scrutiny of the case by the above proposed Committee as mentioned in Para-2 above, for further submission to Ministry of Energy (Power Division) / main Committee.

Encl: As above

cc:

- Mr. Naveed Ahmad, SO (DISCOs-II), Ministry of Energy (Power Division), Islamabad.
- SO to MD PPMC, Islamabad.

- DG to the Minister for Energy, Power Division Islamabad.
- SO, to the Secretary, Power Division Islamabad.
- PS to the Additional Secretary-I, Power Division, Islamabad.
- PS to the Sr. Joint Secretary (E&D), Power Division, Islamabad.

dd &
DGLHA
To constitute a
committee for submission
of viable proposal for bifurcation
of PESCO, comprising
of CEO (PESCO), GMs
(PESCO), GMs (MEPCO),
GMs (QESCO), GMs (PITC),
GMs (PPMC), GMs (Ministry of Energy),
GMs (Ministry of Planning, Development & Special Initiatives),
GMs (Ministry of Industries & Production),
GMs (Ministry of Science & Technology),
Advisor to the Prime Minister on Finance & Revenue.
General Manager (Technical Services)
(Engr. Adnan Riaz Mir)



General Manager
(Technical Services)

POWER PLANNING AND MONITORING COMPANY (PVT.) LIMITED
Office # 112, 1st Floor, Swanee Trust Complex, Aghe Khan Road, Islamabad
051-0211492, Fax: 051-2726913, Email: pmc@ppmc.com

No. 1735-27 /GM(TSV)
Dated 02.06.2022

Chief Executive Officer,
PESCO, Peshawar.

Subj: BIFURCATION OF LARGE DISCOs

Ref: This office letter No.1214-18 dated 10.3.2022, your letter No.CEO/PESCO/162-66/CEP&E dated 30.3.2022 and telephonic discussion dated 01.06.2022.

The proposal received in this office vide your above referred letter has thoroughly been examined and discussed by the committee constituted at PPMC level. It has been desired by the convener of the committee that alternate simulations be also carried out to arrive at most appropriate and viable proposal.

The subject case may please be expedited and additional proposal(s) in light of committee's directions be submitted at the earliest possible to proceed further.

(Engr. Adnan Riaz Mir)
General Manager (Technical Services)
PPMC

cc:

1. GM (HR) PPMC Islamabad.
2. SO to MD PPMC Islamabad.



ODMR
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11/6/2022

PRIME MINISTER'S OFFICE (PUBLIC)
ISLAMABAD

SECRET

RECORD NOTE

30th May, 2022

Subject: PRIME MINISTER'S VISIT TO MANSENRA ON 29th MAY, 2022

Prime Minister of Pakistan visited Mansahra on 29th May, 2022 and was pleased to make the following announcements.

S. #	Request/Issue	Action by
i.	Establishment of Medical College at Mansahra	Secretary, M/o National Health Services Regulations and Coordination Chief Secretary, KPK
ii.	Development package worth one billion rupees for the Hazara region	Secretary, M/o Finance Secretary, M/o Planning Development and Special Initiatives
iii.	Establishment of Hazara Electric Supply Company	Secretary, M/o Energy (Power Division)

2. All concerned Ministries / Divisions / Departments are requested to take further necessary action for implementation of the above directives as per rules / policy under intimation to this Office at the earliest.

(Nadeem Aslam Chaudhary)
Additional Secretary-III

- i. Secretary, M/o National Health Services Regulations and Coordination, Islamabad
 - ii. Secretary, M/o Energy (Power Division), Islamabad
 - iii. Secretary, Ministry of Finance, Islamabad
 - iv. Secretary, M/o Planning Development and Special Initiatives, Islamabad
- PM's Office u.o. No. 114/vis/Mansahra/2022/PAU-III/KP dated 30.05.2022

PROPOSAL FOR BIFURCATION OF PESCO



POWER PLANNING AND MONITORING COMPANY

Office # 112, Evacuee Trust Complex, Agha Khan Road, Islamabad
Tele: 051-9211301, 051-9211302, Fax: 051-2726915, E-mail: gmcspenco@gmail.com



POWER PLANNING AND MONITORING COMPANY

Office # 112, Evacuee Trust Complex, Agha Khan Road, Islamabad
Tele: 051-9211301, 051-9211302, Fax: 051-2726915, E-mail: gmcspenco@gmail.com

MINUTES OF MEETING HELD ON 17.11.2023 ON BIFURCATION OF PESCO AND ESTABLISHMENT OF HAZECCO.

A meeting was held on 17.11.2023 at 10.00 AM in PPMC Committee Room to formulate a strategic plan aimed at facilitating HAZECCO in initiating its operations as an independent DISCO. The meeting was attended by the following:

- (1) Director BoD HAZECCO
- (2) CEO HAZECCO
- (3) General Manager (R&CO) PPMC
- (4) General Manager (TS) PPMC
- (5) General Manager (HR) PPMC
- (6) CFO PPMC
- (7) Director General (Law) PPIB
- (8) Technical Director/GM (Technical) PESCO
- (9) CFO PESCO
- (10) DG (HR) PESCO
- (11) Mr. Rizwan Faiz, Advocate
- (12) Company Secretary PPMC

The meeting deliberated necessary steps required for the bifurcation of PESCO and the seamless initiation of HAZECCO's operations. The consensus among the participants was that the bifurcation of PESCO and the establishment of HAZECCO should adhere to high professional standards, encompassing all essential legal, administrative, and regulatory prerequisites.

It was informed by reps of PESCO that the data required for bifurcation of PESCO is already completed. It was emphasized that the data necessitates updating upto October 2023. To ensure credibility and mitigate potential conflicts or objections from stakeholders in the future, it was suggested to authenticate this data through a third-party audit firm.

It was further informed that PESCO requires to file a spinning-off petition with the National Electric Power Regulatory Authority (NEPRA) and the Securities and Exchange Commission of Pakistan (SECP). Simultaneously, HAZECCO will apply for a distribution license and submit a tariff petition to NEPRA.

The Committee expressed that the entire process should be meticulously planned to enable HAZECCO to submit its application for the grant of a distribution license to NEPRA well before end of December 2023 and before that all prerequisites be completed.

To ensure the efficiency of the transition process, the Committee put forth the following recommendations:

- a. A comprehensive work plan will be developed, with detailed outline of all activities, along with clearly defined timelines.

- b. PESCO to update all existing financial, commercial, technical, and human resource data upto October 2023.
- c. An independent audit firm be hired by CEO PESCO to authenticate the data prepared, contributing to the credibility and thoroughness of the data within two weeks.
- d. Following three committees were recommended to oversee and facilitate a smooth transition in the process:

1. Technical/Commercial Committee

- Mr. Adnan Mir, GM (Technical Services) PPMC-Convenor
- Mr. Tahir Moeen, Technical Director PESCO – Member
- Mr. Habib-ur-Rehman, SE Khyber Circle PESCO-Member
- Mr. Muhammad Tufail, Manager Commercial PESCO Member

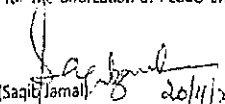
2. Finance Committee

- Mr. Basharat Ali, CFO PPMC-Convenor
- Mr. Yasir Naseem, CFO PESCO-Member
- Mr. Shahzad Hameed, Manager Finance CPC PESCO-Member

3. HR Committee

- Mr. Saghir Ahmad, GM (HR) PPMC-Convenor
- Sardar Sajid Nawaz, DG HR PESCO-Member
- Mr. Siab Ahmad, Manager (HR) PESCO-Member

- e. The above Committees will submit their reports on or before Monday, 27th November 2023.
- f. The Terms of Reference of the Committees are annexed.
- g. A WhatsApp group consisting of all relevant officers will be formed.
- h. Mr. Rizwan Faiz will prepare draft legal documents required for the bifurcation of PESCO and establishment of HAZECCO


(Saghir Ahmad)
General Manager (R&CO) PPMC/
Convenor of the Committee

- c.c.
1. Additional Secretary-I, Power Division, Islamabad.
 2. CEO HAZECCO, Islamabad.
 3. CEO PESCO, Peshawar.
 4. All Members of Committees.

PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

Phone# 091-9212230
Fax: # 091-9212024

Office of the Chief Executive
Wapda House, Peshawar

No. 17833-10/Bifurcation of DISCOs


Date: 11/03/2022

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Addl. Director General (HR)
PESCO H/Q Peshawar

Copy to:

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2. SO to MD PPMC, Islamabad.



General Manager
(Technical Services)

POWER PLANNING AND MONITORING COMPANY (PVT) LIMITED
Office # 112, 1st Floor, Suncree Trust Complex, Aghe Khan Road, Islamabad
051-0211382, Fax: 051-2726915, Email: gmta.ppmc@gmail.com

1945-27
No. /GM(TSV)
Dated 02.06.2022

Chief Executive Officer,
PESCO, Peshawar.

Subj:- **BIFURCATION OF LARGE DISCOs.**

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④

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- PD 450
For kind
11/6/2022

PRIME MINISTER'S OFFICE (PUBLIC)
ISLAMABAD

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- Mr. Habib-ur-Rehman, SE Khyber Circle PESCO-Member
- Mr. Muhammad Tufail, Manager Commercial PESCO-Member

2. Finance Committee

- Mr. Basharat Ali, CFO PPMC-Convenor
- Mr. Yasir Naseem, CFO PESCO-Member
- Mr. Shahzad Hanzan, Manager Finance CPC PESCO-Member

3. HR Committee

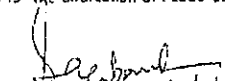
- Mr. Saghir Ahmad, GM(HR) PPMC-Convenor
- Sardar Sajid Nawaz, DG HR PESCO-Member
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- e. The above Committees will submit their reports on or before Monday, 27th November 2023.

- f. The Terms of Reference of the Committees are annexed.

- g. A WhatsApp group consisting of all relevant officers will be formed.

- h. Mr. Rizwan Faiz will prepare draft legal documents required for the bifurcation of PESCO and establishment of HAZECCO


(Saqib Jamar) 20/11/23
General Manager (R&CO) PPMC/
Convenor of the Committee

c.c.

1. Additional Secretary-I, Power Division, Islamabad.
2. CEO HAZECCO, Islamabad
3. CEO PESCO, Peshawar.
4. All Members of Committees.

PROPOSAL FOR BIFURCATION OF PESCO

Agenda Point #(i) a.

Remaining PESCO

- | | |
|-------------------|--------------------|
| 1) Peshawar | 21) Kohistan Upper |
| 2) Charsadda | 22) Kohistan Lower |
| 3) Nowshera | 23) Kolai Palas |
| 4) Kohat | |
| 5) Hangu | |
| 6) Karak | |
| 7) Bannu | |
| 8) Lakki Marwat | |
| 9) D.I.Khan | |
| 10) Tank | |
| 11) Mardan | |
| 12) Swabi | |
| 13) Swat | |
| 14) Malakand | |
| 15) Buner | |
| 16) Shangla | |
| 17) Dir (Upper) | |
| 18) Dir (Lower) | |
| 19) Chitral Upper | |
| 20) Chitral Lower | |

Proposed HAZECO

- 1) Abbottabad
- 2) Haripur
- 3) Mansehra
- 4) Battagram
- 5) Torghar

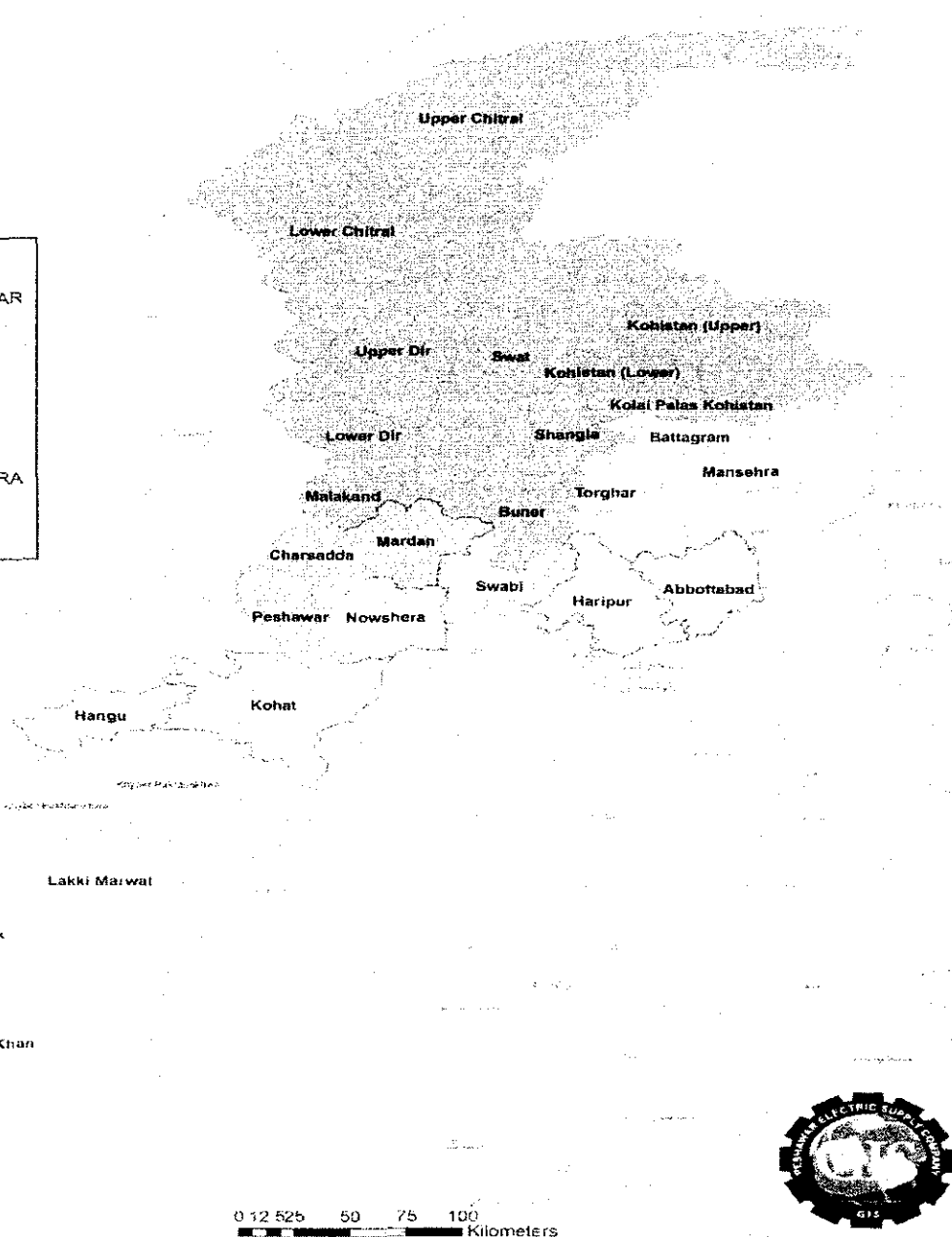
PESCO JURISDICTION

GEOGRAPHICAL MAP OF PESCO OPERATON CIRCLES



Legend

	PESHAWAR
	KHYBER
	MARDAN
	HAZARA
	SWAT
	BANNU
	MANSEHRA
	SWABI
	DIKHAN

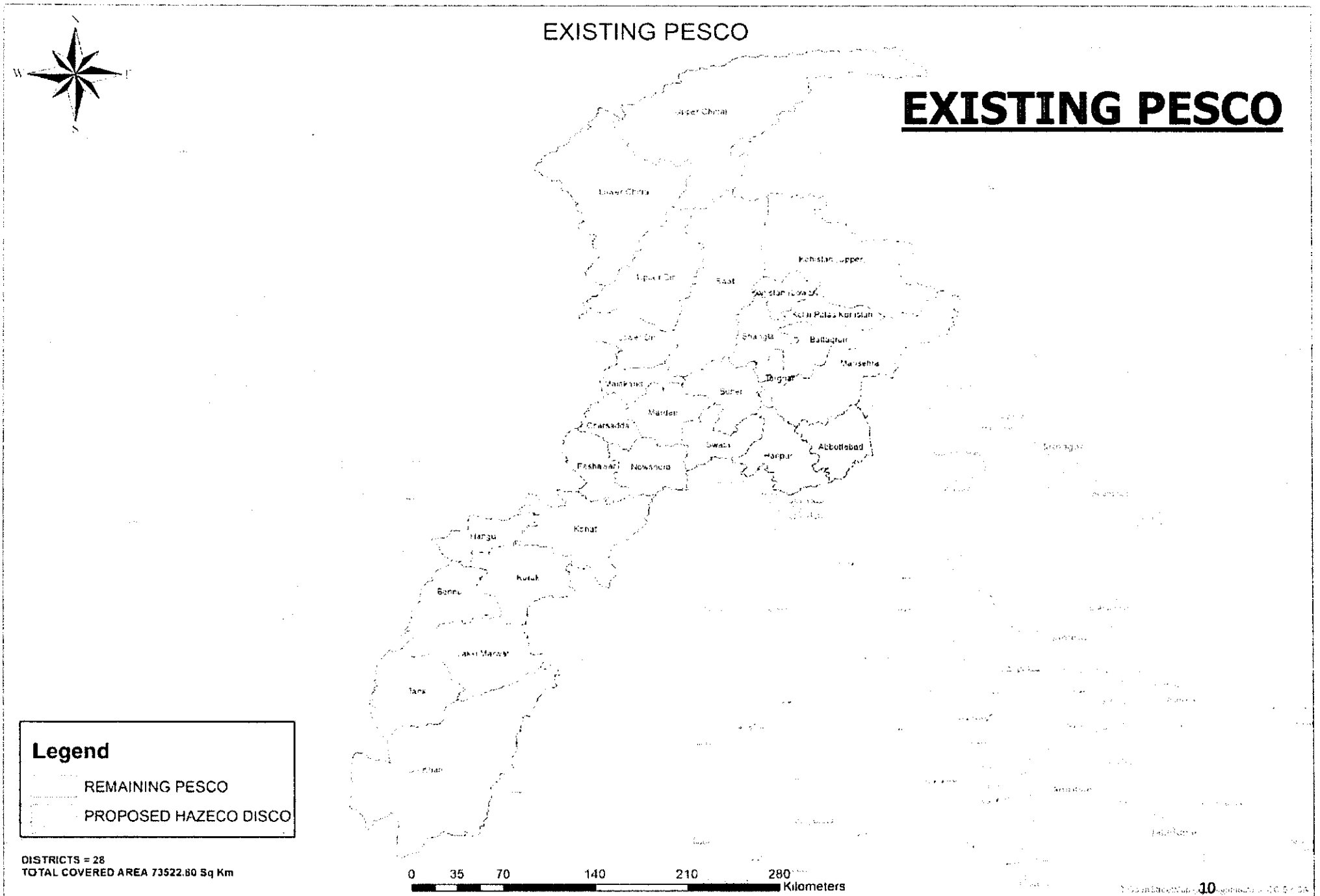


Districts:	28 No.
Covered Area:	74,521 Sq Km
Population:	35.53 Million
Circle:	08 No
Division:	39 No
Sub Divn:	191 NO

Circle	Consumers in Million
Peshawar	0.712
Khyber	0.619
Mardan	0.365
Hazara-I	0.447
Swat	0.815
Bannu	0.215
Hazara-II	0.280
Swabi	0.289
D.I Khan	0.362
PESCO	4.2



Agenda Point #(i) a. PROPOSAL FOR BIFURCATION OF PESCO



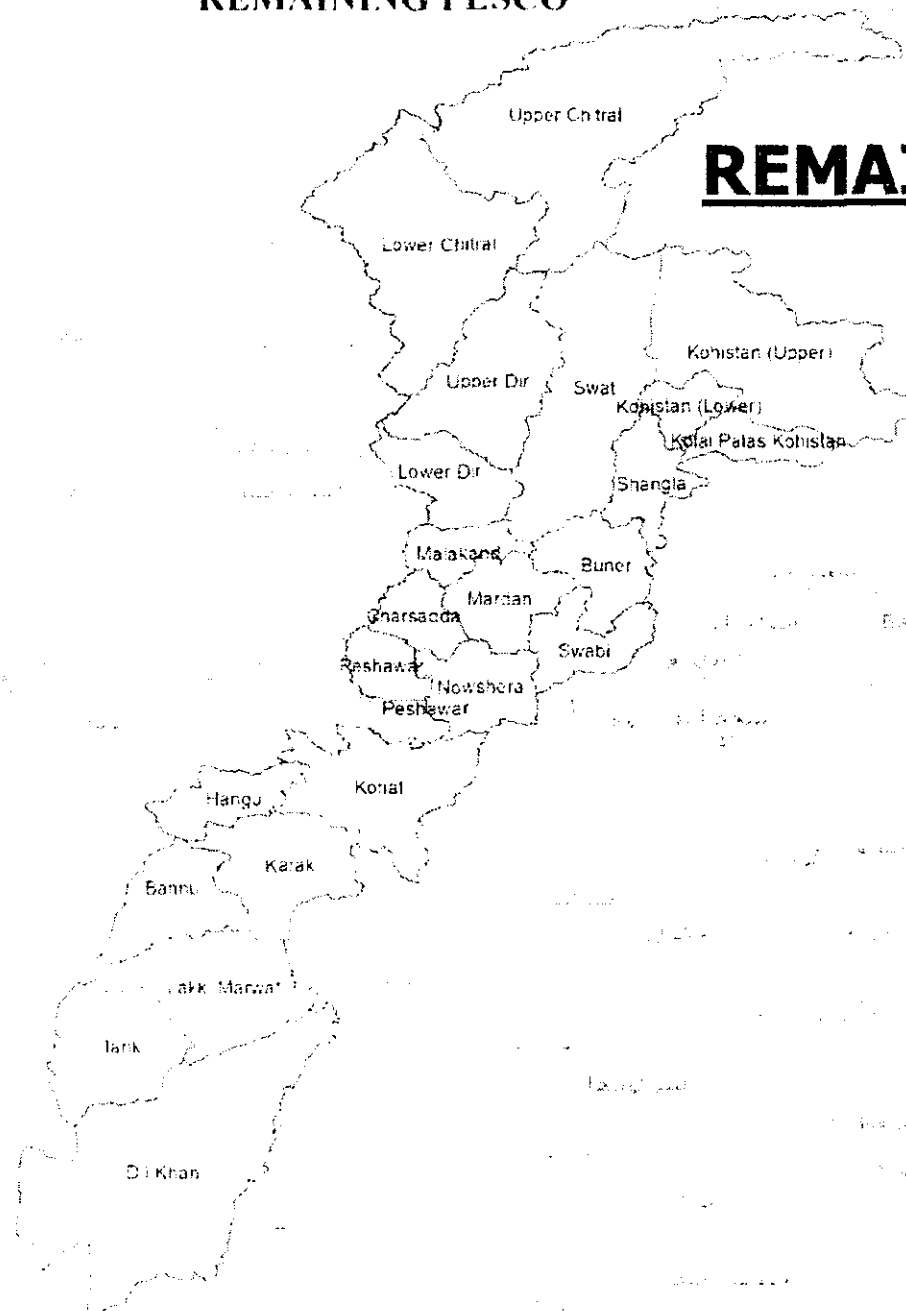
PROPOSAL FOR BIFURCATION OF PESCO



Agenda Point #(i) a.

REMAINING PESCO

REMAINING PESCO



CIRCLES

Peshawar
Khyber
Mardan
Swat
Bannu
Swabi
D.I. KHAN

DISTRICTS = 23
TOTAL COVERED AREA 64087.52 Sq Km

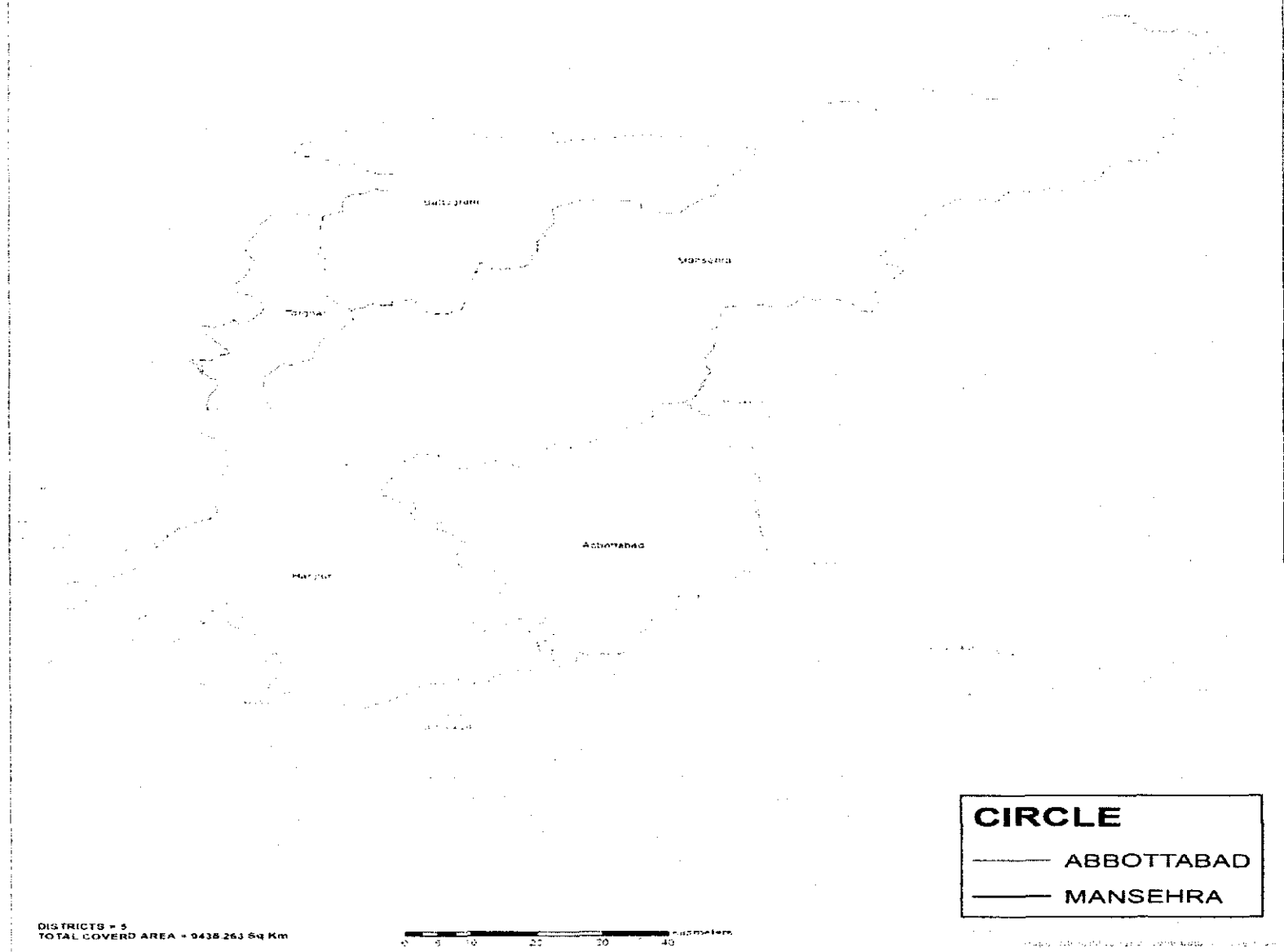
0 30 60 120 180 240 Kilometers



Agenda Point #(i) a.

PROPOSED HAZECO DISCO

PROPOSED HAZECO





1. The contents of the application for the modification of the Electric Power Distribution License have been prepared in accordance with Regulation 3 of the NEPRA Licensing (Application, Modification, Extension, and Cancellation) Procedure Regulations, 2021. The annexed documents are true and correct to the best of my knowledge and belief, based on the confirmations provided by the relevant formations put before me.
2. I am the Chief Executive Officer of Peshawar Electric Power Company (PESCO) and fully aware of the affairs of the Company, particularly with respect to endorsing the application for the modification of the Electric Power Distribution License.
3. Everything stated in the application and the accompanying documents is true, and nothing has been concealed.

Akhtar Hamid Khan
Chief Executive Officer
PESCO Peshawar