



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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PRESS RELEASE

Subject: IMPOSITION OF FINE ON PESHAWAR ELECTRIC SUPPLY COMPANY AND CENTRAL POWER PRUCHASING AGEHCY (GUARANTEE) LIMITED ON ACCOUNT OF NON-EXECUTION OF POWER PURCHASE AGREEMENT WITH PAKHTUNKHAWA ENERGY DEVELOPMENT ORGANIZATION REGARDING PEHUR HYDEL POWER PROJE CT.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA) has imposed fine of Rs. **10,000,000** (Rupees ten million only) each on Peshawar Electric Supply Company Limited (the “PESCO”) and Central Power Purchasing Agency (Guarantee) Limited (the “CPPAG”) on account of non-execution of Power Purchase Agreement (the “PPA”) with Pakhtunkhawa Energy Development Organization (the “PEDO”) regarding 18 MW Pehur Hydel Power Project since March 01, 2010.

2. The Authority concluded that the PESCO failed to execute the PPA for the last 7 years and has purchased power on rates not approved by NEPRA. During the legal proceedings, PESCO failed to submit any plausible reason for non-payment of dues. It also failed to comply with the directions of provision of information required by the Authority and disregarded the letter written in this respect. Keeping in view the aforementioned violations committed by PESCO and the gravity of such violations, the Authority declares PESCO as delinquent under rule 4(13) of the NEPRA (Fines) Rules, 2002 and has decided to impose a fine of Rs. **10,000,000.00** (Rupees ten million only) on PESCO under NEPRA (Fines) Rules, 2002.

3. Regarding the CPPA-G, the Authority has observed that under the NEPRA (Market Operator Registration, Standard and Procedure) Rules, 2015, it is the duty of CPPA to procure power on behalf of DISCOs. However it failed to fulfill its obligation and also forced the power producer to agree on terms and conditions which were never approved by the Authority.

4. Therefore, the Authority declares CPPAG as delinquent under rule 4(13) of the NEPRA (Fines) Rules, 2002 and impose a penalty of Rs. 10,000,000.00 (Rupees ten million only) on CPPAG. The Authority further decided that in case of non-execution of PPA within three months, a fine of Rs. 500,000.00 (Rupees five hundred thousand only) per day shall be imposed on the delinquent.