



Registrar

**National Electric Power Regulatory Authority**  
**Islamic Republic of Pakistan**

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad  
Ph: +92-51-9206500, Fax: +92-51-2600026  
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(M&E)/LAD-09/ 1570

January 28, 2025

Chief Executive Officer  
Quetta Electric Supply Company Ltd. (QESCO),  
Zarghoon Road, Quetta

SUBJECT: **ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE  
NOTICE DATED 22.03.2024 ISSUED TO QESCO ON ACCOUNT OF THE  
ESTABLISHMENT OF SAFETY DIRECTORATE/DEPARTMENT-UNDER  
REGULATION 4(8) & 4(9) OF NEPRA FINE REGULATIONS, 2021**

Please find enclosed herewith the Order of the Authority (total 06 pages) in the subject matter for information and compliance.

Enclosure: As above

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)



# National Electric Power Regulatory Authority

## ORDER

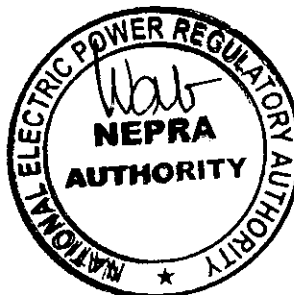
**IN THE MATTER OF SHOW CAUSE NOTICE DATED 22.03.2024 ISSUED TO  
QESCO ON ACCOUNT OF THE ESTABLISHMENT OF SAFETY  
DIRECTORATE/DEPARTMENT - UNDER REGULATION 4 (8) & (9) OF NEPRA  
FINE REGULATIONS, 2021**

---

1. Quetta Electric Supply Company (QESCO) (the "Licensee") was granted a distribution license (No. **DL/08/2023**) by the National Electric Power Regulatory Authority (the "Authority") on **09.05.2023** pursuant to section 20 read with 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("NEPRA Act")

### **Background:**

2. According to Section 7.1 of the Power Safety Code, all the Licensees are required to establish their independent directorate/department of Occupational Health Safety and Environment before December, 2021, and the same was informed to Licensee vide NEPRA letter dated 10.09.2021 followed by a reminder dated 02.03.2022 and a final notice dated 19.10.2022 were also issued. However, no response from Licensee was received despite lapse of the stipulated time.
3. Meanwhile, the same issue was raised during the hearing of Licensee dated 11.05.2023 at NEPRA in the matter of **Adjustment/Indexation Requests Filed by QESCO In Tariff Adjustment for FY 2023-24**. During the hearing, the Authority took serious notice and strictly directed Licensee to comply with the Authority's direction, within 30 days, failing which stern action shall be initiated.
4. Keeping in view the above directions, a letter dated 30.05.2023 was issued to Licensee and was again directed to comply with directions of the Authority and establish an independent Health, Safety and Environment Directorate/Department. However, no response from Licensee was received.
5. It is a matter of record that despite repeated and continuous correspondence, the Licensee has failed to submit response to the direction of the Authority. The Licensee also failed to establish an independent Health Safety and Environment Directorate in its service territory despite lapse of two years. The Licensee should have understood that the HSE is basic requirement of any organization. Moreover, non-submission of response by the Licensee reflects that it lacks interest towards inculcating safety culture in its service territory.



6. Therefore, the Authority decided to initiate legal proceedings against the Licensee under NEPRA Fine Regulations, 2021. Accordingly, an Explanation was served to the Licensee under Regulation 4(1) and 4(2) of NEPRA (Fine) Regulation, 2021, vide NEPRA's letter dated August 18, 2023, on account of violation of Performance Standards, Distribution Code, Power Safety Code, and other applicable documents.
7. In response, the Licensee submitted its reply against the said explanation vide letter dated 06.09.2023. After the detailed deliberation by the Authority found it unsatisfactory and rejected the response of Licensee against the served explanation and decided to issue Show Cause Notice to Licensee under section 4 (8) & (9) of NEPRA Fine Regulation, 2021 on account of non-compliance with the provisions of NEPRA Act, Distribution Code, Power Safety Code and other applicable documents

**Show Cause Notice:**

8. In compliance to the Authority's directions, Show Cause Notice along with the Order recording reasons of rejection of Explanation was issued to Licensee on 22.03.2024 followed by reminder dated 29.04.2024. Salient features of Show Cause Notice are narrated as under:

“ .....

9. *WHEREAS, the Authority issued an Explanation to the Licensee under Rule 4 (1) and 4 (2) of NEPRA Fine Regulation, 2021 on 18.08.2023. The basis of Explanation to the Licensee included the following;*
8. *WHEREAS, the Authority always promotes the Occupational Health Safety and Environment in power sector of Pakistan, and from time to time different seminars/meetings with licensees are conducted on HSE to promote HSE culture; and*
9. *WHEREAS, the Authority took serious notice of numerous number of fatal and non-fatal accidents occurring at workplaces in the power sector of Pakistan, and the Authority vide its letters dated September 10, 2021, followed by a reminder dated March 02, 2022, and Final Notice dated October 19, 2022, issued directions to its licensee to establish an independent and functional directorate/department of Occupational Health, Safety and Environments latest by December 2021 with dedicated, experienced, qualified and trained HSE Staff, under the direct control of Chief Executive Officer or equivalent; and*
10. *WHEREAS, the Authority directed licensee that the minimum number of HSE personnel shall be evaluated on a case-to-case basis, depending upon the level of risk, criticality of operational activities, and the need of supervision. Moreover, HSE positions shall not be filled by irrelevant officials without relevant qualifications and certification or charged for on ad-hoc basis/additional charge. The appointed/deputed HSE personnel shall have technical background and possess at least one of the approved safety qualifications; and*

*[Handwritten signature]*



11. WHEREAS, the Authority during the hearing in the matter of Adjustment/Indexation requests filed by DISCOs for Adjustment in tariff for FY 2023-24 took serious notice for non-compliance with the Authority's directions issued to the Licensee and directed that a final chance is hereby given to the licensee to establish a Safety Directorate. The same was also communicated to the licensee vide letter dated 30.05.2023; and

12. WHEREAS, the licensee was directed in light of Section (48) of NEPRA Act to comply with the directions of the Authority and submit a compliance report within stipulated time, if the licensee fails to comply with directions of the Authority, legal proceedings may be initiated against licensee under applicable laws; and

10. WHEREAS, the Licensee submitted its response vide letter dated 06.09.2023 against the above-mentioned Explanation. The same has been evaluated and found unsatisfactory. The Licensee has only submitted the generic response and after spending around 02 years, the licensee has failed to establish a Safety Directorate in its service territory; and

11. WHEREAS, the Licensee has failed to satisfy the Authority with its replies and has committed the violations of section 7 (3) (b), 21 (2) (f), section 44, and section 48 of the NEPRA Act, and Section 5.1 and 7.1 Power Safety Code read with other enabling provision of rules and regulation and other applicable documents. Therefore, the Authority hereby rejects the response of Explanation submitted by the Licensee through an Order dated 22.03.2024 (Copy attached), recording the reasons of rejection; and

.....”

#### **Response of Licensee:**

9. In response, Licensee vide letter dated 23.04.2024 replied to Show Cause Notice, wherein, Licensee has submitted as under;

“ .....

2. It is to worth mention here that QESCO in its earnest commitment to ensuring the safety and well-being of its employees and the community, diligently followed the directives outlined in the Power Safety Code, despite facing hurdles beyond its control, the organization persevered in its efforts to establish an independent Occupational Health, Safety & Environment directorate/department in line with the directions issued by the Authority.

3. It is further added here that the matter was deliberated upon and presented to the Board of Directors (BoD) of QESCO. Subsequently, the BoD approved the establishment of an independent Health, Safety & Environment (HSE) Directorate/Department in QESCO during its meeting held on 10.08.2023, as documented in company secretary Letter No. 154C.S/QESCO/BoD dated 28.08.2023 attached at ANNEX-A.

2/1 B



4. *The Ministry of Energy (Power Division) vide Letter No. 12(3)/2018-DISCOs dated 28.05.2022 imposed a ban on recruitment in all DISCOs. Copy attached at ANNEX-B.*
5. *QESCO proactively engaged with the Ministry and seeking approval for the recruitment against approved sanctioned HSE posts vide letter No. CEO/QESCO/Manager (HRM)/42782-82 on dated 25.09.2023 and requested to allow QESCO for recruitment against sanctioned posts. Copy attached at ANNEX-C.*
6. *Moreover, on 14.03.2024 vide office order No. CEO/QESCO/Manager (HRM)/11890-945, copy attached at ANNEX-D an Independent Occupational Health, Safety and Environment Directorate/Department has been established and market-based posts will be advertised for effective implementation of Power Safety Code after getting concurrence from MoE (PD) and updated progress regarding induction of suitable personals will be communicated to Authority on priority bases.*
7. *In view of the above-described facts and figures submitted without any exaggeration, it is requested that the charges levelled therein may please be withdrawn."*

#### **Hearing:**

10. Keeping in the view of above, and in the best interest of justice an opportunity of hearing was granted to Licensee. The said hearing was scheduled for 24.09.2024. The same was intimated to Licensee vide letter dated 19.09.2024. During the hearing, following submissions were made by CEO of the Licensee and its team
  - a. CEO QESCO asserted that a Safety Directorate has been established in QESCO, after approval from the Ministry of Energy and BoD QESCO.
  - b. Ministry of Energy has issued direction for hiring on a contract basis due to downsizing DISCOs. Further MoE has cancelled pensionable posts in DISCOs.
  - c. QESCO has currently 01 Deputy Manager and 01 Assistant Manager working in its Safety Directorate. However, QESCO has got approval from BoD for hiring of 01 Director, 02 Deputy Managers, 06 Assistant Directors, 06 Line Superintendents, 02 Safety Inspectors, and 02 Stenographers on the contract of one year initially.

#### **FINDING/ANALYSIS:**

9. The Licensee has contended that QESCO in its earnest commitment to ensuring the safety and well-being of its employees and the community, diligently following the directives outlined in the Power Safety Code, despite facing hurdles beyond its control. The organization persevered in its efforts to establish an independent Occupational Health, Safety & Environment directorate/department in line with the directions issued by the Authority. The Authority has gone through the submissions of the Licensee and observes that the claims of the Licensee are only on paper rather on ground. Despite lapse of more than three years, the Licensee has failed to establish a proper functioning

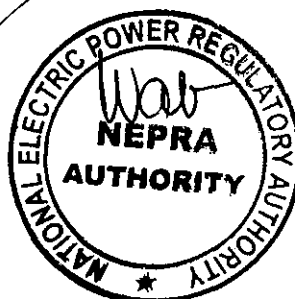
*Handwritten signature/initials*



safety directorate in its territory which has resulted in 09 fatal accidents in FY 2023-24, 09 fatal accidents in FY 2022-23, and 08 fatal accidents in FY 2022-21 along with a number of fatalities in previous years.

10. The Licensee has further submitted that it remained engaged with MoE and its BoD for the establishment of the Safety Directorate, However, due to the ban on hiring by MoE, QESCO was unable to hire the required manpower. The Authority while considering the submission of the Licensee observes that directions were issued in September 2021 to establish Safety Directorate before December 2021. However, the Licensee did not respond to the Authority directions, which show a careless and lethargic attitude. Despite several reminders, no response was submitted by the Licensee until the legal action was initiated by the Authority. Now the Licensee is trying to shift its responsibility towards other stakeholders like MoE (PD) and its BoD. This clearly depicts the Licensee's lack of seriousness in compliance with the Authority directions and establishing/promoting a safety culture in its territory.
11. As far as the hearing submissions are concerned, it is noted with concern that so far the Licensee has only got approval from its BoD and MoE. However, the hiring process has not yet been initiated. The Licensee had to realize the ground situation and occurrence of fatal accidents and it should have initiated this process much earlier, which it has failed to do so.
12. Foregoing in view, it is concluded that the Licensee has failed to submit a satisfactory response against the served Show Cause Notice. Therefore, it can be said that Licensee has failed to formulate/establish a safety management system for the purpose to construct, operate and maintain its distribution system in accordance with the Performance Standards, Distribution Code, Power Safety Code, and other applicable documents. Overall, the Authority is constrained to believe that the Licensee is responsible for fatal/non-fatal accidents in its territory because of non-existence of robust safety management system, and is in violation of section 7 (3) (b), 21 (2) (f), section 44, and section 48 of the NEPRA Act, and Section 5.1 and 7.1 Power Safety Code read with other enabling provision of rules and regulation and other applicable documents

*Handwritten signature/initials*

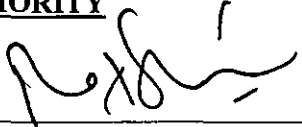


**Decision:**

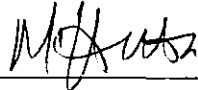
13. Keeping in view the submissions of the Licensee, evidence available on record and provisions of relevant NEPRA laws and terms and conditions of distribution license issued to the Licensee, the Authority observes that the Licensee has failed to perform its statutory obligation and to establish a Health, Safety and Environment Directorate in its service territory and is clearly violation Power Safety Code, NEPRA Act and other applicable documents. In view of foregoing, the Authority hereby imposes a fine of Rs. 10,000,000/- (Ten Millions) on the Licensee.
14. Further, the Licensee is directed to pay the fine amount of Rs. 10,000,000/- (Ten Millions) in designated bank of the Authority within a period of 15 days from the date of issuance of this order and forward a copy of the paid instrument to the Registrar Office for information, failing which the Authority may recover the amount due under section 41 of the NEPRA Act as arrears of the land revenue or through any other appropriate legal means in addition to taking any other appropriate legal action against the Licensee for non-compliance.

**AUTHORITY**


Rafique Ahmed Shaikh  
Member (Technical)



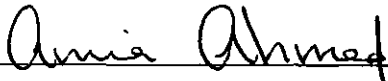
Engr. Maqsood Anwar Khan  
Member (Licensing)



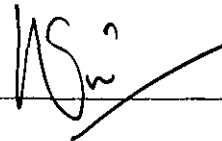
Mathar Niaz Rana (nsc)  
Member (Tariff & Finance)



Amina Ahmed  
Member (Law)



Waseem Mukhtar  
Chairman



Dated January 28, 2025

