



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Registrar

No. NEPRA/DG(Lic)/LAT-01/ 2616

February 04, 2026

Managing Director
National Grid Company (NGC) of Pakistan,
414-WAPDA House, Shaharah-e-Quaid-e-Azam,
Lahore

Subject: **ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE
ISSUED TO NATIONAL TRANSMISSION AND DESPATCH COMPANY LIMITED
UNDER REGULATION 4(8) & 4(9) OF THE 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

(Syed Zavar Haider)

National Electric Power Regulatory Authority
(NEPRA)

Order of the Authority

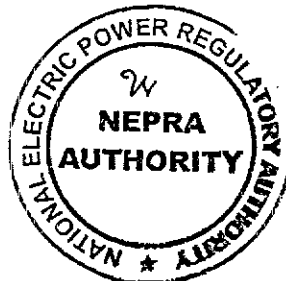
**In the matter of Show Cause Notice issued to National Transmission and
Despatch Company Limited under Regulation 4(8) & 4(9) of the NEPRA (Fine)
Regulations, 2021**

The Authority under Section 23G of the Regulation of Generation, Transmission and Distribution of Electric Power Act (the "NEPRA Act"), granted the System Operator Licence (No. SOL/01/2023, dated March 21, 2023) to National Transmission and Despatch Company Limited (now known as National Grid Company of Pakistan Limited herein after referred as "NGC" or "the Licensee"), and also approved the Grid Code 2023 (Grid Code/GC).

2. According to the relevant provisions of the NEPRA Act, the System Operator licence, the NEPRA Licensing (System Operator) Regulations, 2022 (the "SO Regulations"), terms and conditions of the Licence and the Grid Code, the functions of the System Operator, *inter alia*, include integrated power system planning with regard to the availability of adequate generation and transmission capacity to meet the electric power demand of the country.

3. In this regard, under Article 22 of the System Operator Licence read with the Planning Code (PC-4) of the Grid Code, the Licensee/NGC is required to prepare a Ten-Year Integrated System Plan comprising of Indicative Generation Capacity Expansion Plan (IGCEP) and Transmission System Expansion Plan (TSEP) covering a time frame of 0-10 years, identifying the new capacity requirement and submit it for review and approval of the Authority by 30th April of each year.

4. In compliance with the relevant provisions of the Planning Code (i.e. PC-4) of the Grid Code, the Licensee/NGC developed the Integrated System Plan 2024-34 (ISP-2024), comprising (a). Indicative Generation Capacity Expansion Plan 2024-2034 (IGCEP-2024) and (b). Transmission System Expansion Plan 2024-2034 (TSEP-2024) and submitted the same for review and approval of the Authority on April 30, 2024.



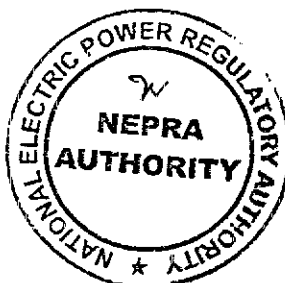
5. The Authority considered the matter and decided to seek comments from the stakeholders, for which a notice was published on May 17, 2024. Further, letters were also sent to Government ministries/attached departments and other representative organizations, etc., on May 20, 2024, seeking their comments/input for assistance of the Authority. Further, to enhance the understanding of various stakeholders about the process in formulation of the ISP, the Authority also organized a workshop on May 24, 2024.

6. In response to the above, the Authority received comments from a number of stakeholders raising different concerns on the submitted ISP-2024, on which it was decided to hold a public hearing. It is worth mentioning that the Authority, in its preliminary review of the above-mentioned ISP, observed that the base case of the IGCEP-2024 had a relatively low system load factor (60%). In view of the said, the Authority directed NGC to submit an iteration in the form of an addendum to the IGCEP-2024, increasing the system load factor to 70%, however, the same was not submitted despite repeated reminders and follow up in the matter.

7. In view of the above, the Authority decided to initiate legal proceedings against the Licensee/NGC under the NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations"). Accordingly, an Explanation was issued on December 18, 2024 under Regulation 4(1) & 4(2) of the Fine Regulations, on the grounds that the Licensee/NGC had willfully defaulted on the directions of the Authority and failed to submit the desired addendum to the ISP.

8. In response to the Explanation, the Licensee/NGC submitted its reply through communication dated January 01, 2025 stating that it submitted the ISP-2024 on April 30, 2024 duly complying with the required deadline under the Grid Code. About the non-submission of the addendum to the ISP-2024, NGC contested that the Authority did not issue any deadline for the same and only an email was received on October 28, 2024 without any time limitation.

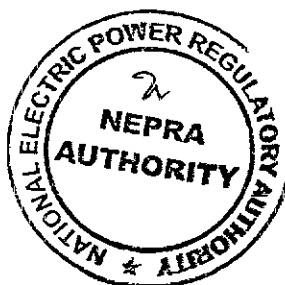
9. Further to the above, NGC also submitted that the proposed addendum to ISP-2024 is under critical review by various forums, including the Power Division of the Ministry of Energy (PDMoE), Special Investment Facilitation Council (SIFC) and the



office of the Prime Minister (PM). Additionally, there are major changes and revisions in the cost of the projects as well as load forecasts, etc., requiring the development of additional scenarios for analysis before submitting the same. Further, the revised IGCEP was about to be submitted and in the meantime, the notification of the Authority dated December 24, 2024 regarding the committed projects was received, which necessitated additional simulations, resulting in further delays. In consideration of the above, NGC requested the Authority to accept its response and clear it from the charges leveled against or otherwise an opportunity of hearing be provided in terms of the provisions of Regulation 4(5) of the Fine Regulations to further clarify its position.

10. The Authority considered the submissions of NGC and observed that specific directions were conveyed during the proceedings of ISP-2024, followed by a reminder email dated July 15, 2024, directing it to submit the addendum on an immediate priority basis. Later on, the directions of the Authority were reiterated through emails of August 19, 2024 and September 26, 2024 respectively, however, no response was received. In view of the said, NGC was again directed to submit the above-mentioned addendum to the IGCEP through another email dated October 28, 2024 giving an explicit deadline of seven (07) days for submission of the same. In reply to the said, NGC, through its email dated November 06, 2024, confirmed the submission of the revised IGCEP/addendum to IGCEP maximum by the last week of November 2024, however, the deadline was again missed, thus violating the clear directions of the Authority.

11. Further to the above, the submissions of NGC regarding review of the revised IGCEP/addendum by the various Govt. agencies have been duly considered. In this regard, the Authority considered that involvement of the different stakeholders in the process needs to be appreciated, however, at the same time the regulatory process has its own sanctity attached to it and the Licensee/NGC must adhere to the same without any exception and must have followed the directions of the Authority and had submitted the same without any delay which it had failed to follow the same thus violating the required provisions. In view of the said, the Authority is of the considered opinion that this aptitude of NGC is not only against the regulatory norms but has also jeopardized the planning and procurement cycle and needs to be set right.



12. In view of the above, the Authority found that the response of NGC to the Explanation was unconvincing and inadequate in addressing the concerns raised. Further, the Authority also considered it appropriate to reject the request of NGC and did not allow the opportunity of hearing. Accordingly, the Authority, through its order dated April 10, 2025, rejected the response to the explanation and decided to issue a Show Cause Notice (SCN) to the Licensee/NGC in terms of Regulation 4(8) & 4(9) of the Fine Regulations.

13. In response to the above, the Licensee/NGC, through its letter dated April 25, 2025, submitted that in pursuance of directions of the Authority, detailed deliberations were done, including consultation with stakeholders and coordination through multiple platforms, including SIFC, the Task Force, and the Ministry of Energy (Power Division). Accordingly, several underlying assumptions set of the IGCEP were revised to account for evolving dynamics of the power sector, including: (a). surge in capacity through net metering; (b). downward revision in load forecasts; (c) revision/modification in contractual obligations, retirement schedule of plants, criteria for committed projects, rationalization of capacity addition, fuel source, and data for strategic initiatives; (d). simulation of different scenario(s) based on refined references; and (e). Incorporation of contract terminations for system stability.

14. In view of the foregoing, NGC contested that the delay cannot be attributed to its willful or intended disregard of the directions of the Authority. Rather, the complex and evolving nature of the planning process is involved, which inherently requires considerable time for thorough analysis and refinement. In the above-mentioned context, the Licensee/NGC submitted that it is actively in the process of finalizing the revised draft of ISP 2025-35, incorporating all necessary updates and input of stakeholders, which will be submitted soon. Accordingly, NGC requested the withdrawal of the SCN and sought an opportunity for a hearing in the matter to present its position.

15. The Authority considered the above submissions of the Licensee/NGC and decided to provide an opportunity of hearing and the same was held on August 19, 2025. In the hearing, the Licensee reiterated its earlier response, as provided through



its letters dated January 01, 2025, and April 25, 2025 as explained in the preceding paragraphs. In this regard, the representative asserted that the Licensee submitted the ISP-2024 on April 30, 2024 strictly complying with the requirements of the Grid Code. Regarding the non-submission of the addendum to the ISP-2024, the representatives of the Licensee/NGC again reiterated that the Authority did not provide any specific deadline for submission of the same.

16. The Licensee/NGC also submitted that to comply with the directions of the Authority regarding the addendum to the ISP, the expert group/committee conducted a thorough review and revision of IGCEP 2024-34. This process included extensive stakeholder consultations, scenario simulations, and updates reflecting sector developments, such as increased net metering, adjusted load forecasts, fuel source changes, and revised project data incorporating inputs from PAEC, K-Electric, and WAPDA. Further, the representatives of the Licensee/NGC explicitly accepted that the delay was on their part, however, it was submitted that the same was neither willful nor intended to disregard the directions of the Authority.

17. The Authority has considered the matter in detail and has observed that specific directions for submission of the addendum were conveyed to NGC during different proceedings of the ISP held in May and June 2024, which were also acknowledged and supported by the panel of experts of NGC. However, despite the said, the submission of the addendum was delayed, and accordingly, through reminder emails dated July 15, 2024, August 19, 2024, and September 26, 2024, the Authority instructed NGC to submit the addendum on an urgent basis, but no response was received. Later on, through an email dated October 28, 2024, it was again asked to submit the addendum within seven (07) days. In reply, NGC committed to submit the same by the last week of November 2024, however, the deadline was missed again. In view of the said, the Authority considers that the assertions of NGC that no specific timeline was provided are totally contrary to the factual position, as explained above.

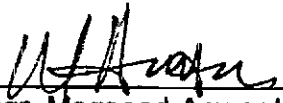
18. About the clarification of NGC that the revised ISP was delayed due to various issues as listed in para 9 above, the Authority has noted that the Licensee/NGC neither informed about these issues, nor did it respond to the communications in the matter,

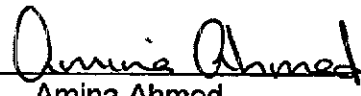


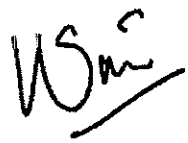
totally disregarding the sanctity of the regulatory process. In this regard, the Authority will like to highlight that a timeline has been provided in the applicable documents, which is to be followed in letter and spirit. In the current case, NGC has miserably failed to adhere to the same, jeopardizing the complete planning cycle, which needs to be reminded and fixed, for which NGC is held responsible.

19. In view of the above, the Authority is of the considered opinion that the Licensee/NGC has failed to fulfill its regulatory obligations as envisaged in the applicable documents and has not been able to provide a satisfactory response to the SCN issued. In view thereof, the Authority has decided to impose a fine of ten (10) million Rupees on the Licensee/NGC, in terms of Regulation 4(13) of the Fine Regulations. Accordingly, the Authority directs the Licensee/NGC to pay the fine in the designated bank, within a period of fifteen (15) days after the date of issuance of this order and forward a copy of the paid instrument to the Registrar Office for information. If the Licensee/NGC fails to comply with the said directions, the Authority shall recover the amount due under Section 41 of the NEPRA Act read with relevant provisions of the Fine Regulations, as arrears of the land revenue.

Authority


Engr. Maqsood Anwar Khan
(Member)


Amina Ahmed
(Member)


Waseem Mukhtar
(Chairman)

