



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/ADG(Lic)/LAG-14/ 16442

October 29, 2024

Chief Executive Officer,
Hub Power Company Limited (HUBCO),
Ocean Tower, 9th Floor,
G-3, Block-9, Clifton,
Karachi

Subject: **Order of the Authority in the matter of Explanation issued to M/S Hub Power Company Limited under Regulation 4(1) & 4(2) of the NEPRA (Fine) Regulations, 2021**

Enclosed please find herewith Order of the Authority (total 04 pages) in the matter of Explanation issued to M/S Hub Power Company Limited under Regulation 4(1) & 4(2) of the NEPRA (Fine) Regulations, 2021.

Enclosure: **As above**


(Wasim Anwar Bhinder)



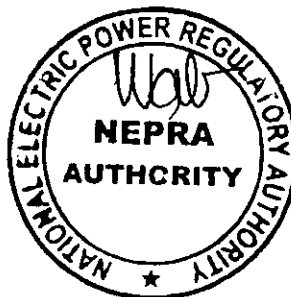
National Electric Power Regulatory Authority

In the matter of Explanation issued to M/s Hub Power Company Limited under Regulation 4(1) & 4(2) of the NEPRA (Fine) Regulations, 2021

Order

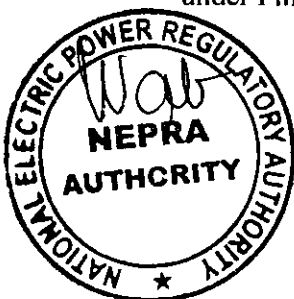
1. This Order shall dispose of proceedings initiated under Regulation 4(1) & (2) of the NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021") vide Explanation No. NEPRA/DG(M&E)/LAG-14/33786 dated September 22, 2023 issued to Hub Power Company Limited for *prima facie* violation of Section 14B(4) of the NEPRA Act, Rule 10(6) of the NEPRA Licensing Generation Rules, 2000 and Clauses OC 8.1.1, 8.1.4, 8.2.1, 8.2.2 & 8.2.3 of the Grid Code in wake of the system restoration following the power system collapse occurred on 23.01.2023.
2. Pursuant to Section 15 of the NEPRA Act (now section 14B after promulgation of Regulation of Generation, Transmission and Distribution of Electric Power Amendment Act 2018), the Authority has granted a Generation License (No. IGSP/L/19/2008, dated 23/06/2008) to Hub Power Company Limited (hereinafter referred to as the "Licensee") to engage in the generation business as stipulated in its Generation License.
3. Pursuant to Section 14B(4) of the NEPRA Act, in the case of a generation facility connecting directly or indirectly to the transmission facilities of the national grid company, the Licensee shall make the generation facility available to the national grid company for the safe, reliable, non-discriminatory, economic dispatch and operation of the national transmission grid and connected facilities.
4. According to Rule 10(6) of the NEPRA Licensing (Generation) Rules, 2000, the Licensee shall at all times comply with the provisions of the grid code, including, without limitation, in respect of the availability of the net capacity or in respect of the outages, maintenance and operation of its generation facilities, and shall provide the national grid company with all information reasonably required by the latter to enable it to dispatch the generation facilities of the Licensee.
5. Clause OC 8.1.1 of Operation Code-System Recovery of Grid Code deals with the procedures for the restoration of power supplies following a Total Shutdown or a Partial Shutdown of the System and the re-synchronization of specific parts of the System that have been Islanded.
6. Clause OC 8.1.4 of Operation Code-System Recovery of Grid Code states that OC 8 applies to the System Operator, NTDC, distribution companies, Operators of the power plants, and Users of the System. Contingency arrangements are required to be established by the System Operator with each Externally-connected Party/Consumers.
7. Clause OC 8.2.1 of Grid Code states that a Total Shutdown of the System is a situation when there is no internal generation online and operating; and there is no power supply available from external-connections. The restoration of power supply

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from such a situation is a Black Start Recovery. A Partial Shutdown is when there is no online operating generation or External Connection to a part of the system that has become shutdown; and it is necessary for the System Operator to instruct Black Start Recovery procedures to restore supplies to that part of the system.

8. Clause OC 8.2.2 of Grid Code states that during restoration of power supplies following a Total Shutdown or Partial Shut Down of the System, it may be necessary to operate the system outside normal frequency and voltage as stated in OC 4. It may also be necessary for the System Operator to issue instructions that are contrary to the Balancing Mechanism or Code, and also to normal contractual obligations in order to ensure restoration of supplies.
9. Clause OC 8.2.3 of Grid Code states that following a Total Shutdown of the System designated power plants that have the ability to Start Up without any External Connection to the system shall be instructed to commence Black Start recovery procedures. These procedures, which are to be agreed in advance, may include the restoration of blocks of local load demand that can be restored in agreement with the local distribution company. Local procedures may include the restoration of power supplies via Embedded Generator. The System Operator has the responsibility for the re-energisation of the interconnected transmission system and the re-synchronization of the system blocks of islanded blocks of locally restored supplies.
10. The total power system collapse occurred on 23.01.2023 at 07:34:43:800 Hrs which plunged the whole country into darkness and the system was completely restored on 24.01.2023 after 20 hours approximately. NEPRA, being a regulator of power sector, took serious notice of the above incident and constituted an Inquiry Committee (IC) to probe into the matter. The IC visited power houses, grid stations, sites and offices in the process of inquiry. During the course of inquiry, the matter was examined in detail by inquiring the concerned officials and in the process, relevant documents were also obtained to reach to a just determination.
11. The information related to supply restoration time of power plants and synchronization of their units after complete system breakdown dated 23.01.2023 was provided by System Operator (NPCC). The submitted information revealed that the supply at Licensee's bus bar was restored at 19:44 Hrs on 23.01.2023 and the Licensee was instructed by NPCC through Notice to Synch (NTS) as per PPA to synch its complex at 03:14 Hrs on 24.01.2023. However, the Licensee had synchronized its complex at 04:44 Hrs on 24.01.2023 i.e. after a lapse of 1:30 Hrs, thereby, prima facie, the Licensee failed to comply with the NPCC's instructions in a timely manner as per terms & conditions of PPA which severely hampered the restoration process of power system.
12. In view of the above, the Authority observed that the Licensee was bound to follow the instructions of the NPCC, which it failed to do. Hence, the Authority observed that the Licensee has, prima facie, failed to comply with Section 14B(4) of the NEPRA Act, Rule 10(6) of the NEPRA Licensing Generation Rules, 2000 and Clauses OC 8.1.1, 8.1.4, 8.2.1, 8.2.2 & 8.2.3 of the Grid Code. In view of the foregoing, the Authority decided to initiate legal proceedings against the Licensee under Fine Regulations, 2021.



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Explanation:

13. Accordingly, an Explanation dated 22.09.2023 was issued to the Licensee under Regulation 4(1) & 4(2) of the Fine Regulations, 2021. The basis of Explanation included the following:

WHEREAS, the information related to supply restoration time of power plants and synchronization of their units after complete system breakdown dated 23.01.2023 was provided by System Operator (NPCC). The submitted information revealed that the supply at Licensee's bus bar was restored at 19:44 Hrs on 23.01.2023 and the Licensee was instructed by NPCC through Notice to Synch (NTS) as per PPA to synch its complex at 03:14 Hrs on 24.01.2023. However, the Licensee had synchronized its complex at 04:44 Hrs on 24.01.2023 i.e. after a lapse of 1:30 Hrs, thereby, prima facie, the Licensee failed to comply with the NPCC's instructions in a timely manner as per terms & conditions of PPA which severely hampered the restoration process of power system.

Licensee's Response:

14. In response, the Licensee submitted its reply vide letter dated 09.10.2023. The same has been summarized as follows:
- i. After the blackout, lines were restored at 19:44 hrs dated 23-01-2023, and at the same time, 194.352 MW demand was given to Narowal Energy Limited (NEL) by the System Operator.
 - ii. System Operator through SDXP gave instructions to achieve Open Cycle (179.201 MW) at 03:14 hrs on 24-01-2023 and following the System Operator's instructions NEL achieved the demand as per the given time in SDXP i.e. 03:14 hrs.
 - iii. System Operator through SDXP gave instructions to achieve Close Cycle (194.352 MW) at 04:44 hrs on 24-01-2023 and following the System Operator's instructions NEL achieved the demand as per the given time in SDXP i.e., 04:44 hrs on 24-01-2023.

NPCC's and CPPA-G's Comments:

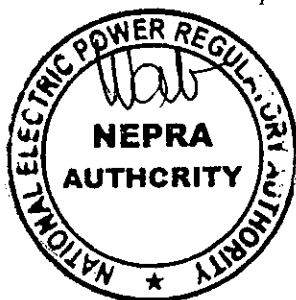
15. The response received from the Licensee was shared with NPCC and CPPA-G for their comments. The comments received from NPCC and CPPA-G are reproduced as follows:

NPCC:

"Plant response is in accordance with Despatch instructions.

"DG-03 of the Hubco Narowal was under forced outage since 02-03-2022 and accordingly plant had derated its available capacity. Dispatch instruction was given as per then prevailing available capacity of the plant."

"Narowal Energy Limited (Hubco Narowal) target demand target time to achieve base load as per DAC was 0444 hrs dated 24-01-2023 which was fully complied by plant as per NPCC record."



Handwritten signature and initials.

CPPA-G:

"Based on NPCC verification Complex was treated under forced outage for the respective duration and applicable Liquidated Damages were also charged as per stipulated provisions of PPA.

As per information provided by NPCC the unit of NEL was under Forced Outage since March 2022 and Forced Outage allowance of NEL expired in the month of September 2022. Thereafter, capacity deduction was made including the month of January 2023 for that particular engine. In this event of Blackout, the Narowal Energy Limited (NEL) complied with the despatch instruction of NPCC regarding synchronization."

Analysis/Findings of the Authority:

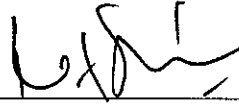
16. The Authority has gone through the Licensee's submissions in view of the comments received from NPCC & CPPA-G, and observes that the Licensee complied with dispatch instructions of NPCC issued through NTS regarding the Complex synchronization with the National Grid. Hence, the Authority is satisfied with the response submitted by the Licensee.

Decision:


17. In view of the above, the Authority is of the considered opinion that the Licensee has provided satisfactory reply to the Explanation issued to it, therefore, decides to accept the same and the matter stands closed in terms of Regulation 4(6) of the Fine Regulations, 2021.

Authority


Rafique Ahmed Shaikh
Member (Technical)



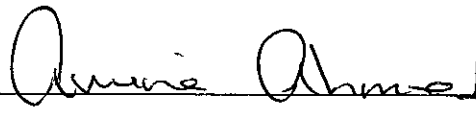
Engr. Maqsood Anwar Khan
Member (Licensing)



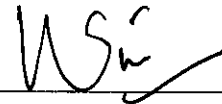
Mathar Niaz Rana (nsc)
Member (Tariff and Finance)

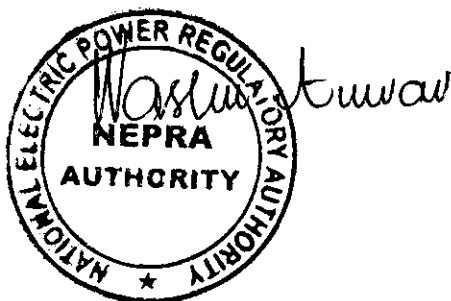


Amina Ahmed
Member (Law)



Waseem Mukhtar
Chairman





Announced on October 29, 2024 at Islamabad.