



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/DG(M&E)/LAM-01/ 15547

October 11, 2024

Chief Executive Officer,
Central Power Purchasing Agency (Guarantee) Limited (CPPA-G),
Shaheen Plaza, 7-West, Fazal-e-Haq Road,
Islamabad.

Subject: SHOW CAUSE NOTICE UNDER REGULATION 4(8) & 4(9) OF THE NEPRA (FINE) REGULATIONS, 2021

WHEREAS, National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services; and

2. **WHEREAS**, Central Power Purchasing Agency-Guarantee Limited (hereinafter referred to as the "CPPA-G" or the "Licensee") is a Company incorporated under the Companies Ordinance, 1984 and is functioning as the market operator to carry out market operations under the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015 (hereinafter referred to as the "Market Rules") since June 2015; and

3. **WHEREAS**, the Authority issued an Explanation to the Licensee under Regulation 4(1) & 4(2) of the NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021") on 12.12.2023. The basis of Explanation issued to the Licensee include the following:

***WHEREAS** the National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services; and*

2. ***WHEREAS** the Central Power Purchasing Agency-Guarantee Limited (CPPA-G) (hereinafter referred to as the "Power Purchaser") is a Company incorporated under the Companies Ordinance, 1984 and is functioning as the market operator to carry out market operations under the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015 (hereinafter referred to as the "Market Rules") since June 2015; and*

3. ***WHEREAS** pursuant to Section 48 of the NEPRA Act, the Authority shall have the power to issue such directives, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Act and the rules and regulations made hereunder; and*

4. ***WHEREAS** according to Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000, not later than one hundred eighty days following the date of issue of the generation licence or the commissioning of the generation facility, whichever occurs later, the licensee shall prepare and file with the Authority, and shall at all times have in force and implement, an operating procedures manual covering all material operational, maintenance and similar other aspects relating to the generation facilities, with such details and particulars as may be*

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specified in, or may be necessary or prudent to include to secure compliance with, the pooling and settlement arrangement, the grid code and the applicable distribution codes; and

5. **WHEREAS** a total power system collapse occurred on 09.01.2021 which plunged the whole country into darkness and the system was completely restored on 10.01.2023 after a lapse of 20 hours. NEPRA being the regulator of the power sector took serious notice of the above-mentioned incident and constituted an Inquiry Committee (hereinafter referred to as the "IC") to probe into the matter. The IC conducted the said inquiry and submitted a comprehensive report before the Authority on the basis of which the Authority inter alia decided to initiate legal proceedings against different power plants on account of non-submission of operating procedures manual as per the requirement of Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000; and

6. **WHEREAS** Explanations were issued to concerned power plants followed by Show Cause Notices. Hearings in the matter were scheduled on 6th, 7th and 8th September 2022, wherein, the representatives of NPCC and CPPA-G also participated. During the hearings, a number of power plants adopted the stance that they have submitted the draft operating procedures manuals to NPCC and CPPA-G for approval, however, the same have not been signed by NPCC and CPPA-G. In view of the foregoing, the Authority inter alia directed NPCC and CPPA-G to finalize the operating procedures manuals of all power plants in coordination with relevant stakeholders and to sign the black start procedures with power plants on which the black start facility is available but not active i.e. Orient, Sapphire, Halmore, Engro Powergen Qadirpur, Rousch and Foundation Power within one (01) month. However, the same was not done despite lapse of the stipulated time; and

7. **WHEREAS** the Authority, during the public hearing held on 28.02.2023 in the matter of Fuel Charges Adjustment (FCA) of XWAPDA DISCOs for the month of January 2023, took serious notice of the non-finalization of operating procedures manuals of all power plants and non-signing of black start procedures with concerned power plants. Subsequently, as per directions of the Authority, a joint meeting of NEPRA, NPCC and CPPA-G was held on 10.03.2023, wherein, the above-mentioned issues were deliberated in detail and it was reiterated to comply with the aforesaid directions of the Authority by engaging all the relevant stakeholders. Accordingly, an email dated 13.03.2023 was sent to NPCC and CPPA-G, wherein, they were required to submit some essential information pertaining to the subject matter. Moreover, a letter No. NEPRA/DG (M&E)/LAT-01/6867 dated 22.03.2023 was also issued to NPCC and CPPA-G, wherein, they were directed to submit a concrete plan along with timelines regarding finalization of the operating procedures manuals of all power plants and activation/commissioning of the black start facility available at different power plants; and

8. **WHEREAS** the Authority has observed with great concern that the operating procedures manuals of all power plants have still not yet been finalized and the black start procedures with concerned power plants have still not yet been signed despite lapse of the considerable time and repeated directions of the Authority issued from time to time in this regard as mentioned in the preceding paras; and

9. **WHEREAS** in terms of observation given above, the Power Purchaser has prima facie violated Section 48 of the NEPRA Act, by not complying with the repeated directions of the Authority issued from time to time regarding finalization of operating procedures manuals of all power plants and signing of black start procedures with concerned power plants; and

10. **WHEREAS** the NEPRA Act falls within the definition of "Applicable Documents" as defined under NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021") and for any violation of the Applicable Documents, fine could be imposed by the Authority; and

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11. **NOW THEREFORE** in view of the above, the Power Purchaser is hereby called upon under Regulation 4(1) & 4(2) of the Fine Regulations, 2021 to either admit or deny the occurrence of the violation as mentioned above and explain its position in this regard within fifteen (15) days, failing which, it shall be presumed that the occurrence of the violation is admitted by the Power Purchaser, and the Authority shall proceed further on the basis of available record in accordance with the law.

4. **WHEREAS**, the response of the "Explanation" was submitted by the Licensee vide its letter dated 29.12.2023, wherein, the Licensee has denied the said violations on account of the reasons mentioned therein; and

5. **WHEREAS**, the response of the Explanation submitted by the Licensee was duly examined and considered by the Authority in terms of Rule 4(7) of the Fine Regulations, 2021 and the Authority observed that the Licensee has not submitted satisfactory explanation, therefore, the Authority rejected the response of Explanation submitted by the Licensee and passed an Order on 11.10.2024 (copy attached), recording the reasons of such rejection; and

6. **NOW THEREFORE**, the Licensee is hereby called upon to Show Cause immediately but not later than fifteen (15) days of receipt of this notice as to why an appropriate legal action may not be taken against it under the NEPRA Act for above-referred violations of the NEPRA Act, rules, codes that may, inter alia, include a minimum fine of ten million Rupees which may extend to two hundred million Rupees and, in the case of a continuing default, with an additional fine which may extend to one hundred thousand Rupees for every day during which the contravention continues. You may also specify if you will like to be heard in person.

7. In the event no response is received from you within given time, it shall be presumed that the Licensee has nothing to say in its defense and the matter shall be decided in accordance with the law on the basis of available record that may result in imposition of any penalties provided in the NEPRA Act.

Encl: As above


(Wasim Anwar Bhinder)



National Electric Power Regulatory Authority

In the matter of Explanation issued to Central Power Purchasing Agency-Guarantee Limited under Regulation 4(1) & 4(2) of the NEPRA (Fine) Regulations, 2021

Order

1. National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services; and
2. Central Power Purchasing Agency-Guarantee Limited (hereinafter referred to as the "CPPA-G" or the "Licensee") is a Company incorporated under the Companies Ordinance, 1984 and is functioning as the market operator to carry out market operations under the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015 (hereinafter referred to as the "Market Rules") since June 2015.
3. Pursuant to Section 48 of the NEPRA Act, the Authority shall have the power to issue such directives, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Act and the rules and regulations made hereunder.
4. According to Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000, not later than one hundred eighty days following the date of issue of the generation licence or the commissioning of the generation facility, whichever occurs later, the licensee shall prepare and file with the Authority, and shall at all times have in force and implement, an operating procedures manual covering all material operational, maintenance and similar other aspects relating to the generation facilities, with such details and particulars as may be specified in, or may be necessary or prudent to include to secure compliance with, the pooling and settlement arrangement, the grid code and the applicable distribution codes.
5. A total power system collapse occurred on 09.01.2021 which plunged the whole country into darkness and the system was completely restored on 10.01.2023 after a lapse of 20 hours. NEPRA being the regulator of the power sector took serious notice of the above-mentioned incident and constituted an Inquiry Committee (hereinafter referred to as the "IC") to probe into the matter. The IC conducted the said inquiry and submitted a comprehensive report before the Authority on the basis of which the Authority, inter alia, decided to initiate legal proceedings against different power plants on account of non-submission of operating procedures manual as per the requirement of Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000.



6. Accordingly, Explanations were issued to concerned power plants followed by Show Cause Notices. Hearings in the matter were scheduled on 6th, 7th and 8th September 2022, wherein, the representatives of National Power Control Centre (hereinafter referred to as the "NPCC" or the "System Operator") and the Licensee also participated. During the hearings, a number of power plants adopted the stance that they have submitted the draft operating procedures manuals to NPCC and the Licensee for approval, however, the same have not yet been signed by NPCC and the Licensee. In view of the foregoing, the Authority, inter alia, directed NPCC and the Licensee to finalize the operating procedures manuals of all power plants in coordination with relevant stakeholders. Moreover, the Authority directed NPCC and the Licensee to sign the black start procedures with power plants on which the black start facility is available but not active i.e. Orient, Sapphire, Halmore, Engro Powergen Qadirpur, Rousch and Foundation Power within one (01) month. However, the same was not done despite lapse of the stipulated time.
7. In view of the above, the Authority, during the public hearing held on 28.02.2023 in the matter of Fuel Charges Adjustment (FCA) of XWAPDA DISCOs for the month of January 2023, took serious notice of the non-finalization of operating procedures manuals of all power plants and non-signing of black start procedures with concerned power plants. Subsequently, a joint meeting of NEPRA, NPCC and the Licensee was held on 10.03.2023, wherein, the above-mentioned issues were deliberated in detail and it was reiterated to comply with the aforesaid directions of the Authority by engaging all the relevant stakeholders. Accordingly, a letter dated 22.03.2023 was issued to NPCC and the Licensee, wherein, they were directed to submit a concrete plan along with timelines regarding finalization of the operating procedures manuals of all power plants and activation/commissioning of the black start facility available at different power plants.
8. However, the Authority observed with great concern that the operating procedures manuals of all power plants were not finalized and the black start procedures with concerned power plants were not signed despite lapse of the considerable time. In view of the foregoing, the Authority observed that the Licensee has, prima facie, violated Section 48 of the NEPRA Act, by not complying with the repeated directions of the Authority issued from time to time regarding finalization of operating procedures manuals of all power plants and signing of black start procedures with concerned power plants. Therefore, the Authority decided to initiate legal proceedings against the Licensee under NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021").

Explanation:

9. Accordingly, an Explanation dated 12.12.2023 was issued to the Licensee under Regulation 4(1) & 4(2) of the Fine Regulations, 2021. The salient features of the Explanation are as follows:

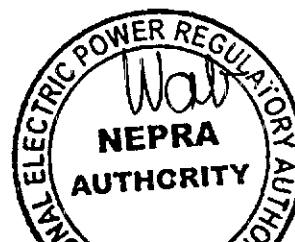
***WHEREAS** the National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") established under Section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act") is mandated to regulate the provisions of electric power services; and*

***2. WHEREAS** the Central Power Purchasing Agency-Guarantee Limited (CPPA-G) (hereinafter referred to as the "Power Purchaser") is a Company incorporated under the*



Companies Ordinance, 1984 and is functioning as the market operator to carry out market operations under the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015 (hereinafter referred to as the "Market Rules") since June 2015; and

3. **WHEREAS** pursuant to Section 48 of the NEPRA Act, the Authority shall have the power to issue such directives, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Act and the rules and regulations made hereunder; and
4. **WHEREAS** according to Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000, not later than one hundred eighty days following the date of issue of the generation licence or the commissioning of the generation facility, whichever occurs later, the licensee shall prepare and file with the Authority, and shall at all times have in force and implement, an operating procedures manual covering all material operational, maintenance and similar other aspects relating to the generation facilities, with such details and particulars as may be specified in, or may be necessary or prudent to include to secure compliance with, the pooling and settlement arrangement, the grid code and the applicable distribution codes; and
5. **WHEREAS** a total power system collapse occurred on 09.01.2021 which plunged the whole country into darkness and the system was completely restored on 10.01.2023 after a lapse of 20 hours. NEPRA being the regulator of the power sector took serious notice of the above-mentioned incident and constituted an Inquiry Committee (hereinafter referred to as the "IC") to probe into the matter. The IC conducted the said inquiry and submitted a comprehensive report before the Authority on the basis of which the Authority inter alia decided to initiate legal proceedings against different power plants on account of non-submission of operating procedures manual as per the requirement of Rule 16(1) of the NEPRA Licensing (Generation) Rules, 2000; and
6. **WHEREAS** Explanations were issued to concerned power plants followed by Show Cause Notices. Hearings in the matter were scheduled on 6th, 7th and 8th September 2022, wherein, the representatives of NPCC and CPPA-G also participated. During the hearings, a number of power plants adopted the stance that they have submitted the draft operating procedures manuals to NPCC and CPPA-G for approval, however, the same have not been signed by NPCC and CPPA-G. In view of the foregoing, the Authority inter alia directed NPCC and CPPA-G to finalize the operating procedures manuals of all power plants in coordination with relevant stakeholders and to sign the black start procedures with power plants on which the black start facility is available but not active i.e. Orient, Sapphire, Halmore, Engro Powergen Qadirpur, Rousch and Foundation Power within one (01) month. However, the same was not done despite lapse of the stipulated time; and
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8. **WHEREAS** the Authority has observed with great concern that the operating procedures manuals of all power plants have still not yet been finalized and the black start procedures with



concerned power plants have still not yet been signed despite lapse of the considerable time and repeated directions of the Authority issued from time to time in this regard as mentioned in the preceding paras; and

9. **WHEREAS** in terms of observation given above, the Power Purchaser has prima facie violated Section 48 of the NEPRA Act, by not complying with the repeated directions of the Authority issued from time to time regarding finalization of operating procedures manuals of all power plants and signing of black start procedures with concerned power plants; and

10. **WHEREAS** the NEPRA Act falls within the definition of "Applicable Documents" as defined under NEPRA (Fine) Regulations, 2021 (hereinafter referred to as the "Fine Regulations, 2021") and for any violation of the Applicable Documents, fine could be imposed by the Authority; and

11. **NOW THEREFORE** in view of the above, the Power Purchaser is hereby called upon under Regulation 4(1) & 4(2) of the Fine Regulations, 2021 to either admit or deny the occurrence of the violation as mentioned above and explain its position in this regard within fifteen (15) days, failing which, it shall be presumed that the occurrence of the violation is admitted by the Power Purchaser, and the Authority shall proceed further on the basis of available record in accordance with the law.

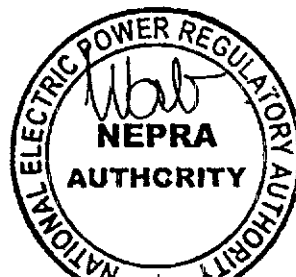
Licensee's Response:

10. In response, the Licensee submitted its reply vide letter dated 29.12.2023. The same has been summarized as under:

- i. The Power Purchaser refutes any violation related to the development and approval of Operating Procedures and Black Start Facilities, emphasizing that the PPA obligates generating companies/IPP's to cooperate and provide technical references for procedure agreement, subject to Technical Limits.
- ii. The Power Purchaser contends that controversies raised by generation companies on technical specifications contradict the cooperative spirit outlined in the PPA, asserting its lack of authority to impose judgment and highlighting its reliance on cooperation from generation companies/IPP's for operational compliance.
- iii. The Power Purchaser deems the generation companies/IPP's' stance on unsigned draft Operating Procedures submission as a motivated smokescreen and dereliction on their part.
- iv. While acknowledging the Authority's issued directives, CPPA-G asserts its limited role as the Power Purchaser, emphasizing NTDC's defined competence and the primary obligations of generation companies/IPP's, providing a factual reply for the Authority to discern the entity primarily responsible for repeated non-compliance and refusal of contractual/regulatory obligations:

A. **Finalization and Signing of Operating Procedures of Power Plants:**

- a. Rule 16(1) of NEPRA Licensing (Generation) Rules, 2000 places the responsibility on Generation Licensees to comply with the provisions of their generation licenses, unrelated to the Operating Procedures in the PPA.



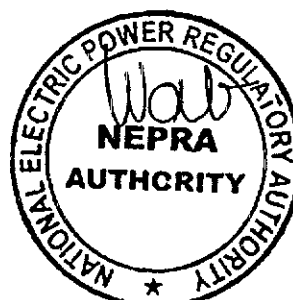
- b. Operating Procedures under the PPA are distinct in scope and application from the Operating Procedures Manual under Rule 16(1) of NEPRA Licensing (Generation) Rules, 2000.
- c. Generation Companies provided information during hearings in September, 2022 related to Operating Procedures under the PPA, not the Operating Procedures Manual under Rule 16(1) of NEPRA Licensing (Generation) Rules, 2000.
- d. Finalization of Operating Procedures for different Power Plants, which were not signed earlier, began in January, 2022 after an internal audit observation.
- e. Progress on finalizing Operating Procedures was communicated to NEPRA during hearing on 28.02.2023, and in a meeting between NEPRA, CPPA-G, and NPCC professionals on 10.03.2023, as per Authority's directives.
- f. Progress on finalizing Operating Procedures was impeded by changes or additions proposed by NPCC based on Grid Code 2023, affecting certain Operating Procedures such as Despatch Procedures, Recovery of Complex after Blackout, Complex Loading, and Technical Limits of the Complex.
- g. NPCC vide letter dated 24.03.2023 provided a category wise list of power plants for finalization of Operating Procedures. With joint efforts by all concerned, finalization and signing of Operating Procedures so far is summarized hereunder:

Category	Total	Ops Signed	Ops Pending	Details
Thermal	36	27	09	Attached at Annex-1,2
Hydel	17	02	15	Attached at Annex-3,4

- h. Remaining/pending Operating Procedures faced issues related to disagreement between IPPs and NPCC on technical limits or system parameters required by NPCC under Grid Code 2023, not covered in PPA or Generation License.
- i. To address outstanding issues, DMD (SO)/NPCC initiated proceedings recently under GCRP for compliance or exemption.

B. Activation of Black Start Facilities at Certain Plants and Signing of Black Start Procedures:

- a. NPCC, in a letter to NEPRA dated 27.03.2023, provided a progress/status update on power plants with Black Start Facilities:
 - Black Start Facilities at Uch Power Plant, Liberty Daharki Power Limited, and Tarbela/Mangla and Warsak Hydropower Stations are available and active. Black Start Procedures for the above-mentioned plants are signed. Black Start Operation is tested at Warsak, Tarbela, and Mangla Hydropower Stations in November and December, 2023.



- Black Start Facilities are available but not active at Orient Power Company, Sapphire Electric Company, Foundation Power Company (Daharki) Limited, and Halmore Power Company. Kick-off meetings identified modifications needed for energization of dead bus; Companies approached OEMs for required modifications. OEMs requested line parameters from DISCO, and after assessment, quoted prices for studies. IPPs requested CPPA-G's approval for study costs, advised to approach NEPRA for approval of modification costs. Once NEPRA approves costs, modification, activation, and signing of Black Start Procedures will proceed accordingly. The cost impact is summarized as follows:

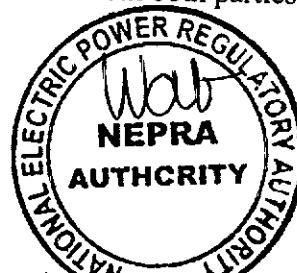
Power Plant Name	Proposed Cost	Amount
Halmore Power Generation Company	BS Switching Study	USD 90,700
	Plant Modification	To be provided by the Company
	BS Charges	-do-
Sapphire Electric Company	BS Switching Study	USD 90,700
	Plant Modification	To be provided by the Company
	BS Charges	-do-
Orient Power Company	BS Switching Study	USD 90,700
	Plant Modification	USD 35,915
	BS Charges	To be provided by the Company
Foundation Power Company (Daharki) Limited	BS Switching Study	USD 90,700
	Plant Modification	To be provided by the Company
	BS Charges	Fixed Charges: PKR 137 million Variable Charges: 3.3 million/hr

- CPPA-G's role is consultative, providing a forum for generation companies/IPP's and NPCC/NTDC to agree on technical specifications/limits for Operating Procedures.
- Constraints are beyond CPPA-G's control as agreement signing requires consent from relevant parties.

Analysis/Findings of the Authority

11. Finalization and Signing of Operating Procedures of Power Plants:

- The Licensee's response to NEPRA's Explanation lacks a proactive and responsible approach. The PPA explicitly establishes a structured mechanism for dispute resolution through the formation of an operating committee (including the representative of the Licensee) and referral to an expert if needed. However, in the instant case, the Licensee has failed to exercise the provision of referring the matter to an expert despite facing challenges in finalizing operating procedures with generating companies at operating committee level.
- The Licensee's contention that controversies raised by generation companies regarding technical specifications contradict the spirit of cooperation outlined in the PPA is misleading. The PPA itself mandates cooperation from both parties, and the



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operating committee and expert referral mechanisms are in place precisely to address such disputes. The Licensee's failure to utilize the latter dispute resolution mechanism reflects a lack of commitment to the contractual obligations and regulatory compliance required for the smooth operation of the power sector.

- iii. Furthermore, the Licensee's attempt to shift the responsibility to the generation companies by stating that their stance on draft operating procedures submission constitutes a motivated smokescreen is unfounded. The responsibility for compliance with NEPRA Licensing (Generation) Rules, 2000 lies squarely on the generation companies, and the Licensee's role as the Power Purchaser should involve active collaboration rather than an attempt to pass the buck.
- iv. Similarly, it is essential to underscore that there exists no distinction between the Operating Procedures outlined in the PPA and the Operating Procedures Manual specified in Rule 16(1) of NEPRA Licensing (Generation) Rules, 2000.
- v. Moreover, it has come to attention that the Licensee has not furnished any updates regarding the completion status of Operating Procedures for public sector GENCOs, renewable power plants, nuclear power plants, and various hydel power plants, including but not limited to Daral Khwar, Pehur, Ranolia, Reshun, Machai, Shishi, Renala, Chichoki, Nandipur, Shadiwal, Rasul, Dargai, Chitral, Kurram Garhi, Gomal Zam, and Jabban.
- vi. With respect to Port Qasim, the Licensee has asserted that the draft operating procedure for Port Qasim is essentially finalized and mutually agreed upon by all parties, with the exception of a specific section, "OP-5 Section 4.0 Complex Restoration after Blackout." In light of this disagreement, Port Qasim has taken the initiative to refer the matter to NEPRA for a final decision. Port Qasim has conveyed that once NEPRA provides its decision, the operating procedure can be officially signed. It is noteworthy to emphasize that the responsibility lies jointly with the Licensee and Port Qasim to collaboratively address and resolve the dispute through the operating committee. If, however, a resolution remains elusive, the matter should be escalated to an expert by the Licensee, as per established dispute resolution mechanisms under the PPA.
- vii. In summary, the Licensee's reluctance to initiate the expert referral process as outlined in the PPA, coupled with attempts to deflect responsibility onto generation companies, indicates a lack of commitment to the resolution of operational issues in a transparent and contractual manner. NEPRA's concerns and legal proceedings against the Licensee are justified, urging a more earnest and responsible approach to fulfill the obligations outlined in the regulatory framework and contractual agreements.



12. **Activation of Black Start Facilities at Certain Plants and Signing of Black Start Procedures:**

- i. Despite NEPRA's determination of tariffs for Orient Power Company, Sapphire Electric Company, Foundation Power Company (Daharki) Limited, Halmore Power Company, Engro Powergen Qadirpur Limited and Rousch (Pakistan) Power Limited, incorporating the cost of Black Start Facilities as part of their project cost,

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the active implementation of Black Start Facilities at these IPPs has become a subject of contention. Legal proceedings were initiated against the Licensee due to its failure to sign black start procedures with these plants. In response, the Licensee's explanation citing the need for modifications and consultations with OEMs of Orient Power Company, Sapphire Electric Company, Foundation Power Company (Daharki) Limited and Halmore Power Company highlights a concerning lack of proactive measures and timely decision-making. The delay in the activation of Black Start Facilities raises questions about the Licensee's commitment to ensuring the operational readiness of these crucial power plants and complying with regulatory obligations. A more expeditious and decisive approach is imperative to address these issues and uphold the integrity of the power sector. Moreover, the Authority is of the view that in case black start is available in the power plant, it must be remained active at all time and no additional payment is required to maintain the facility as it is part of the complex.

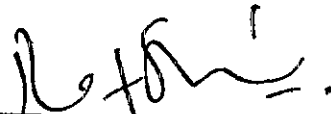
- ii. The Licensee has not submitted anything regarding activation of Black Start Facilities available at Engro Powergen Qadirpur Limited and Rousch (Pakistan) Power Limited.

Decision:

13. In view of the above, the Authority is of the considered opinion that the Licensee has failed to provide any satisfactory reply to the Explanation issued to it, therefore, decided to issue a Show Cause Notice to the Licensee in terms of Regulation 4(8) & 4(9) of the NEPRA (Fine) Regulations, 2021.

Authority

Rafique Ahmed Shaikh
Member (Technical)




Engr. Maqsood Anwar Khan
Member (Licensing)



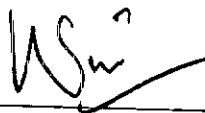
Mathar Niaz Rana (nsc)
Member (Tariff and Finance)



Amina Ahmed
Member (Law)



Waseem Mukhtar
Chairman



Announced on 11.10, 2024 at Islamabad.

