



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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PRESS RELEASE

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Subject: Competitive Trading Bilateral Contract Market (CTBCM) Commences - A Thirty Years' Dream Coming True for the Power Sector of Pakistan

In a landmark decision that will usher in a new era of competition and help address the woes of the power sector, the Authority has granted the market operator licence under CTBCM to the Central Power Purchasing Agency (Guarantee) Limited (the CPPA-G). The market operator will be responsible to administer its operations, standards of practice and business conduct of market participants in accordance with the market commercial code approved by the Authority.

02. The commencement of the CTBCM under the amended NEPRA Act of 2018 is one of the landmark achievements for the power sector of Pakistan. The introduction of CTBCM, i.e. wholesale electricity market was originally conceptualized under the WAPDA Strategic Plan prepared in 1992 for unbundling of the power sector. However, the idea did not turn into reality until NEPRA approved CTBCM in December 2019 (High-Level Design) and November 2020 (Detailed Design).

03. Under the approved CTBCM implementation roadmap, the relevant regulations were approved and notified within due timelines of 18 months. Further, all the critical actions including deployment of IT system, operationalization of market departments (MIRAD) in DISCOs etc. were also completed within the record 18 months.

04. The CTBCM will tremendously improve the governance of the power sector through institutional reforms, improved procurement and payment discipline, utilization of merchant generators without take-or-pay contracts, bilateral contracting by DISCOs based on demand forecasts and capacity obligations gradually moving away from sovereign guarantees, KE integration into central dispatch resulting in billions of rupees of saving, deployment of IT and OT tools, automation of business processes, capacity building of human resources, etc. The successful implementation of the CTBCM has the potential to turn around the overall technical, financial, commercial, and legal climate of the power sector. Further, large consumers will now be able to purchase electric power from the suppliers of their choice at the cheaper and bilaterally agreed rates rather than purchase from DISCOs at regulated tariff.

05. The Authority appreciates the efforts of all key implementation entities, including MoE (PD), CPPA-G, PPIB/AEDB, NTDC, DISCOs, KE and other stakeholders in achieving major milestones of the CTBCM Implementation Roadmap in a record eighteen months.

06. Initially, there will be a test run of the CTBCM for six months wherein all IT systems and processes will be put under stress test to check their reliability and efficiency so that necessary adjustments are made in the regulatory documents before the actual transactions take place under CTBCM. After the test-run period, the financial transactions will commence under the CTBCM to achieve the benefits of affordable, reliable, and sustainable electric power for the consumers of the power sector of Pakistan.

07. A ceremony was also held in the NEPRA HQ on June 6, 2022, to celebrate and handover the market operator licence to CPPA-G.

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