



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(LIC)/LAD-58/ 7039-61

May 23, 2025

**Chief Executive Officer**  
Hazara Electric Supply Company Limited  
HAZECO Head Office, Gulistan Colony  
Opposite Govt. Post-Graduate College No. 1, Abbottabad

**Subject: Grant of Distribution Licence No. DL/10/2025**  
**Licence Application No. LAD-58**  
**Hazara Electric Supply Company Limited (HAZECO)**

*Reference: HAZECO letter No. HAZE0/CEO dated nil (received on 21.10.2024)*

Enclosed please find herewith Determination of the Authority in the matter of application filed by Hazara Electric Supply Company Limited (HAZECO) for the grant of Distribution Licence along with Distribution Licence No. DL/10/2025 granted by the National Electric Power Regulatory Authority (NEPRA) to HAZECO pursuant to Section-20 & 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended from time to time, to engage in distribution of electric power to the consumers in its Service Territory.

2. Please quote above mentioned Distribution Licence No. for future correspondence.

Enclosure: As Above

  
(Wasim Anwar Bhinder)

**Copy to:**

1. Secretary, Power Division, Ministry of Energy, 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Ministry of Planning & Development, Government of Pakistan, 'P' Block, Pak Secretariat, Islamabad
3. Secretary, Ministry of Finance, Government of Pakistan, 'Q' Block, Pak Secretariat, Islamabad
4. Secretary, Energy Department, Government of Punjab, EFU House, 8th Floor, 6-D Jail Road, Lahore
5. Secretary, Energy Department, Government of Sindh, State Life Building -3, Dr. Zia-ud-din Ahmed Road, Karachi
6. Secretary, Energy & Power Department, Government of Khyber Pakhtunkhwa, Block-A, 1<sup>st</sup> Floor, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar.
7. Secretary, Energy Department, Government of Balochistan, Block-1, Balochistan Civil Secretariat, Zarghoon Road, Quetta
8. Managing Director, National Grid Company of Pakistan Ltd 414-WAPDA House, Lahore
9. CEO, Central Power Purchasing Agency (Guarantee) Ltd, 73 East, A.K.Fazi-ul-Haq Road, Blue Area, Islamabad
10. Managing Director, Private Power & Infrastructure Board (PPIB), Ground & 2nd Floors, Emigration Tower, Plot No. 10, Mauve Area, Sector G-8/1, Islamabad
11. CEO, Independent System and Market Operator of Pakistan (Guarantee) Limited (ISMO), Faiz Ahmed Faiz Road, H-8/1, Islamabad

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|---|--|
| 12. Chief Executive Officer<br>Lahore Electric Supply Company (LESCO)<br>22-A, Queen Road, Lahore                         | 13. Chief Executive Officer<br>Gujranwala Electric Power Company (GEPCO)<br>565/A, Model Town, G.T Road, Gujranwala                    |
| 14. Chief Executive Officer<br>Multan Electric Power Company (MEPCO)<br>NTDC Colony, Khanewal Road, Multan                | 15. Chief Executive Officer<br>Islamabad Electric Supply Company (IESCO)<br>Street 40, Sector G-7/4, Islamabad                         |
| 16. Chief Executive Officer<br>K Electric Limited (KEL)<br>KE House, 39 B<br>Main Sunset Boulevard, DHA Phase-II, Karachi | 17. Chief Executive Officer<br>Quetta Electric Supply Company (QESCO)<br>Zarghoon Road, Quetta   |
| 18. Chief Executive Officer<br>Tribal Areas Electricity Supply Company<br>213-NTDC House<br>Shami Road, Peshawar          | 19. Chief Executive Officer<br>Faisalabad Electric Supply Company (FESCO)<br>Abdullahpur, Canal Bank Road,<br>Faisalabad               |
| 20. Chief Executive Officer<br>Sukkur Electric Supply Company (SEPCO)<br>Old Thermal Power Station, Sukkur                | 21. Chief Executive Officer<br>Hyderabad Electric Supply Company (HESCO)<br>HESCO Headquarter<br>WAPDA Complex, Hussainabad, Hyderabad |
| 22. Chief Executive Officer<br>Peshawar Electric Supply Company<br>Shami Road, Peshawar                                   |  |

**National Electric Power Regulatory Authority**  
**(NEPRA)**

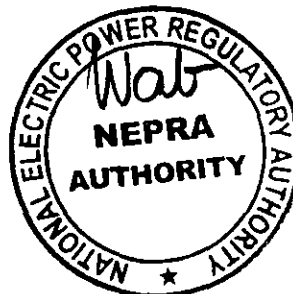
**Determination of the Authority**  
**in the Matter of Application of Hazara Electric Supply Company**  
**Limited for the Grant of Distribution Licence**

**May 23, 2025**  
**Case No. LAD-58**

Hazara Electric Supply Company Limited (HAZEKO) submitted an application on October 21, 2024, for the grant of distribution licence in terms of Section-20 and 21 of the NEPRA Act, read with Regulation-3 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 (the "Licensing Regulations"). In its said application, HAZEKO envisaged for providing distribution services in the areas/districts of Abbottabad, Haripur, Mansehra, Battagram and Torghar, of Khyber Pakhtunkhwa (KP).

(2). The Registrar examined the application and observed that the same lacked some of the essential information/documentation in terms of the Licensing Regulations. Accordingly, HAZEKO was directed to submit the missing information/documentation and the same was received on November 15, 2024. Later on, HAZEKO submitted an addendum to its original application on January 23, 2025 informing that its service area will now also include three (03) more districts, including Upper and Lower Kohistan and Kolai Pallas of KP therefore, the original application may also include the same.

(3). After completion of the required information/documentation as stipulated in the Licensing Regulations, the Registrar registered the application and published a notice in the press to invite comments of stakeholders in the matter. The said notice was appeared in one (01) English and one (01) Urdu newspaper on January 25, 2025 inviting the general public, interested/affected parties and other stakeholders about the application and for seeking their comments in the matter. Apart from the above, the Registrar also sent letters to Govt. Ministries/their attached departments and other representative organizations on January 27, 2025, seeking their views/perspective in the matter for assistance of the Authority.



(4). In response to the above, the Authority received comments from three (03) stakeholders, including Faisalabad Electric Supply Company Limited (FESCO), Punjab Industrial Estates Development and Management Company (PIEDMC) and the Ministry of Energy Power Division (MoEPD). The salient points of the comments offered by the said stakeholders are summarized in the following paragraphs:-

- (a). FESCO submitted that the Authority may consider the application of HAZECO for the grant of Distribution Licence under the approved CTBCM framework and relevant applicable documents;
- (b). PIEDMC expressed that it supports the grant of Distribution Licence to HAZECO after fulfilling all the required rules and regulations; and
- (c). MoEPD remarked that it supports the grant of Distribution Licence to HAZECO as it aligns with the approval of the Federal Govt. and strategic directions for the Power Sector which are aimed at enhancing efficiency and service reliability of DISCO(s).

(5). The Authority considered the above comments of the stakeholders and found the same in favour of the request of HAZECO for the grant of the Distribution Licence. Accordingly, the Authority considered it appropriate to process the application as stipulated in the relevant rules and regulations. In this regard, the observations and findings of the Authority in the matter are explained in the following paragraphs.

(6). The Authority granted a Distribution Licence No. DL/07/2023 dated May 09, 2023 to Peshawar Electric Supply Company Limited (PESCO) for providing distribution services in the districts/areas including Khyber, Sawabi, Swat, Mardan, Bannu, DI Khan, Peshawar, Charsadda, Nowshera, Tank, Karak, Lakki Marawat, Hangu, Kohat, Buner, Upper and Lower Dir, Shangla, Upper and Lower Chitral, Malakand, Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas.

(7). Later on, the Federal Govt. decided to bifurcate the area of PESCO to exclude the districts of Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas and to entrust the same to newly incorporated company/DISCO i.e HAZECO. In consideration of the said bifurcation, PESCO communicated a Licensee Proposed Modification (LPM) in its Distribution Licence for



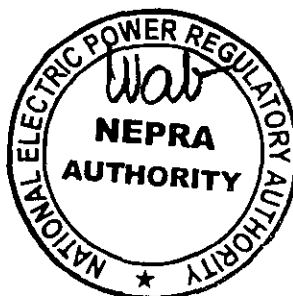
exclusion of the above areas/districts and the Authority has duly considered the same and approved the LPM and has carved out the above areas.

(8). The Authority has observed that HAZECO has been incorporated (having corporate identification No. 0243576) on October 31, 2023, under Section 16 of the Companies Act, 2017 (XIX of 2017) as a public limited company. The head office of the Company/HAZECO is located at Gulistan Colony, opposite to the Govt. Post Graduate College No.1 Abbottabad in the province of KP. According to the Memorandum of Association, the objectives of the company, *inter alia*, include carrying on all or any of the business of purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith and of promoting the conservation an efficient use of electricity and all other forms of energy and all other powers necessary or incidental to the business of electricity distribution and supply.

(9). It is observed that through its original application and subsequent addendum, HAZECO has requested for the grant of Distribution Licence to undertake distribution services in the areas/districts of Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas in the province of KP. In this regard, the service area of the utility/company inherited from PESCO is about 16749 km<sup>2</sup> serving consumers of different classes of around seven (07) to eight (08) lac. In order to serve these consumers, HAZECO has taken over two (02) of the operation circles from PESCO which accounts for seven (07) operation divisions and thirty-two (32) sub-divisions.

(10). The relevant distribution infrastructure of HAZECO will be consisting of a total of twenty-seven (27) grid stations [including (19x132 KV), (2x66 KV), (2x33 KV) and (4x132 KV consumer) grid stations], with a total length of transmission lines of 132 kV and below, around 899.334 KM. Similarly, the High Tension (HT) infrastructure of the company is around 5400 km of feeders whereas the Low-Tension (LT) infrastructure measures a length of about 13000 km. Further, the company/HAZECO will be consisting of around 13500 transformers with a cumulative installed capacity of around 1235 MVA. In this regard, HAZECO has reported that its proposed area of service has transmission and distribution losses to the tune of 13.88% whereas the recovery of the sold units stands at 82.8%.

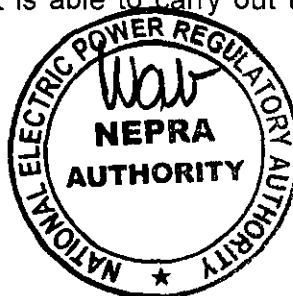




(11). HAZECO informed that it will be adopting a long-term business plan and strategy to adopt new technology-based solutions for its financial health, customer services and supply of reliable power to its customers. Further, the company will also be upgrading, rehabilitating, extending and renovating of the transmission & distribution network, grid stations, transmission lines, and feeders to improve the voltage profile of its area of service. The proposed plan shall include bifurcation of 11kV feeders, transitioning from conventional conductor of lines/feeders to Aerial Bundled Cable to combat electricity theft etc., Implementation of the Asset Performance Management System on distribution transformers (of 100 & 200 KVA), conversion of consumers to Automated Meter Reading infrastructure, deployment of insulated conductors for transformer to ensure safety, area planning of overloaded i.e. high loss and high voltage drop feeders, up-gradation of GIS infrastructure, extension of HT & LT lines/feeders, optimum use of billing and Enterprise Resource Planning to bring efficiency and transparency in operations of HAZECO, replacement of non-static energy meters with static energy meters. The company/HAZECO has projected a CAPEX of Rs. 18372 million for the FY 2023-24 to FY 2027-28, including ELR Rs 5634 million, DOP Rs. 3409 million and STG Rs. 9329 million. The above investment will result in a saving of 275 million kwh/units through loss reduction.

(12). HAZECO has provided the scope of work for the proposed investment plan, including the construction of four (04) new grid stations, conversion of three (03) grid stations to high voltage, augmentation of one (01) power transformer, an extension of one (01) power transformer, rehabilitation of nine (09) grid stations, eighty (80) KM new transmission line, reconductoring of thirty-nine (39) KM transmission line, bifurcation of twenty-three (23) 11 KV feeders, reconductoring of two (02) hundred and thirty (230) KM HT line, installation of six hundred and seventy nine (679) transformers and reconductoring of one hundred and fifteen (115) KM LT line.

(13). About meeting the eligibility criteria prescribed in the National Electric Power Regulatory Authority Eligibility Criteria (Distribution Licences) Rules, 2023 (the "Eligibility Criteria Rules") for the grant of a Distribution Licence, HAZECO informed that for minimum human resource requirement, as stipulated in Rule-3(d) of the Eligibility Criteria Rules, since it is being created through the bifurcation of PESCO and as per the scheme of bifurcation, the human resource is to be distributed amongst both companies to ensure that it is able to carry out the distribution business in its

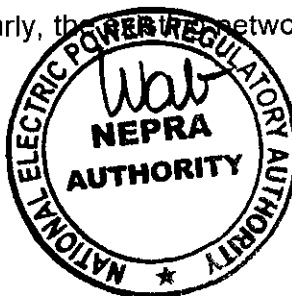


proposed service territory as per the requirements under the applicable rules and regulations. HAZECO confirmed that it has the required technical and human resource available to perform the duties and responsibilities of distribution licensee in an effective and efficient manner and to provide continuous and reliable electric power in accordance with the Act, rules and regulations.

(14). Regarding the ability to ensure coordination with the System Operator, Market Operator and other relevant entities to comply with Grid Code, Commercial Code, Distribution Code and other legal instruments as stipulated in Rule-3(e) of the Eligibility Criteria Rules, the Authority noted that being a successor to PESCO in the Service Territory, it will take over the existing structures, systems, equipment and resources of PESCO to ensure prompt and effective coordination with the ISMO and relative Distribution Licensees to comply with the provisions of the grid code, distribution code, commercial code and other legal instruments as applicable.

(15). About information regarding the ability to ensure its quality of distribution service as stipulated in Rule-3(f) of the Eligibility Criteria Rules, HAZECO submitted that all systems, resources, equipment, and facilities, that are ensured to required quality of distribution services, including for provision of connections, redressal of complaints, effective customer services and maintenance of distribution facilities, will be available, being inherited from PESCO. Similarly, as aforementioned, all structures, systems, equipment, and resources to ensure prompt and effective coordination with the System Operator, Market Operator, and relevant distribution licensees to comply with the provisions of the Grid Code, Distribution Code, Commercial Code and other relevant legal instruments as applicable will be available to HAZECO. Furthermore, all technical and IT/internet resources currently available to PESCO, as well as all systems and standards regarding recording of records and data will also be inherited from PESCO, to ensure compliance with the applicable rules.

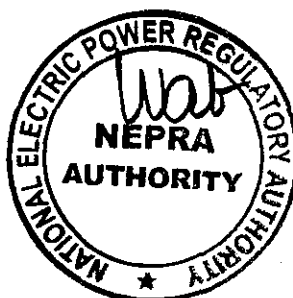
(16). About IT strategy outlining, planning and execution roadmap as stipulated in Rule-3(g) of the Eligibility Criteria Rules, the Authority observed that HAZECO will use the IT strategy that is currently employed by PESCO to ensure transparency, effectiveness, efficiency and security in the distribution of power. The PESCO and network infrastructure is being divided between PESCO and HAZECO to ensure that HAZECO has the necessary systems and resources to comply with its obligations under the relevant rules. Similarly, the network security and analytics system



of PESCO will be used by HAZECO to ensure compliance with the requirements in this regard under the rules. HAZECO submitted that services like customer complaint management system, mobile meter reading, online new connection, duplicate bills, SMS alerts etc. are also being provided to HAZECO customers through Power Information Technology Company. HAZECO has submitted that it is committed for providing safe and healthy working conditions and to promote positive attitudes toward safety and health. The complaint centres are already established which are managed and operated round the clock on shift basis.

(17). It is pertinent to mention that the Authority granted the Distribution Licence No. DL/07/2023 on May 09, 2023, to PESCO, for provision of distribution services in the territory consisting of the areas/districts of Khyber, Sawabi, Swat, Mardan, Bannu, DI Khan, Peshawar, Charsadda, Nowshera, Tank, Karak, Lakki Marawat, Hangu, Kohat, Buner, Upper and Lower Dir, Shangla, Upper and Lower Chitral, Malakand, Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas. However, under the scheme of arrangement, the areas of Abbottabad, Haripur, Mansehra, Battagram, Torghar, Upper and Lower Kohistan and Kolai Pallas are being excluded from the service territory of PESCO and the same has been entrusted to HAZECO. In this regard, PESCO has already made a request for exclusion of the areas that HAZECO will be serving and the Authority has allowed the same.

(18). In accordance with Rule 5 of the Eligibility Criteria Rules, the distribution licence shall be granted for a minimum term of twenty (20) years. Accordingly, the Authority fixes the term of distribution licence of HAZECO to be twenty (20) years from the date of its issuance. In accordance with Rule-6 of the NEPRA Licensing (Distribution) Regulations, 2022, a distribution licensee shall charge only such tariff (including use of system or connection charges), as determined or approved by the Authority pursuant to and in accordance with the NEPRA (Tariff Standards and Procedure) Rules, 1998. Accordingly, HAZECO is directed to comply with the above mentioned regulatory provisions and file the required petition for determining its tariff.

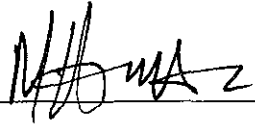




(19). In view of the above, the Authority hereby approves the grant of Distribution Licence to HAZECO in terms of Section-20 and 21 of the NEPRA Act on the terms and conditions set out in the said licence annexed to this determination. The grant of Distribution Licence will be subject to the provisions contained in the NEPRA Act, relevant rules, regulations framed thereunder and other applicable documents.

**Authority**

Engr. Maqsood Anwar Khan  
(Member)



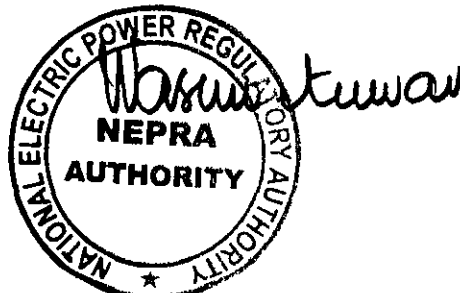
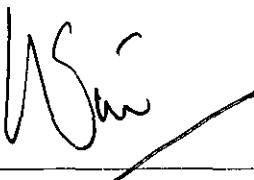
Rafique Ahmed Shaikh  
(Member)



Miss Amina Ahmed  
(Member)



Waseem Mukhtar  
(Chairman)



**National Electric Power Regulatory Authority  
(NEPRA)  
Islamabad – Pakistan**

**DISTRIBUTION LICENCE**

**No. DL/10/2025**

In exercise of the powers conferred under Section-20 and 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended from time to time, the Authority hereby grants the Distribution Licence to:

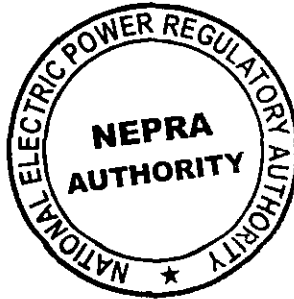
**Hazara Electric Supply Company Limited**

**Incorporated Under Section 16 of the Companies Act, 2017 (XIX of 2017)  
Incorporation No. 0243576 dated October 31, 2023**

to engage in the distribution of electric power to the consumers in its Service Territory on a non-exclusive basis, subject to and in accordance with the terms and conditions of this Licence.

Issued under my hand on 23rd day of May Two Thousand & Twenty-Five and expires on 22nd day of May Two Thousand & Forty-Five.

Waseem Khan  
Registrar

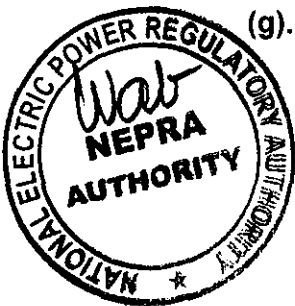


[Signature]

**Article-1**  
**Definitions**

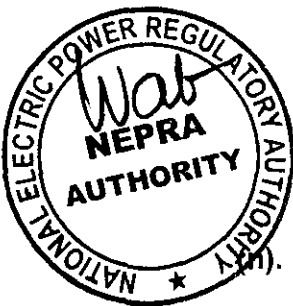
1.1 In this Licence, unless there is anything repugnant in the subject or context,

- (a). "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act No. XL of 1997), as amended from time to time;
- (b). "Applicable Documents" means the rules, regulations, terms and conditions of any licence, registration, authorization, determination, any codes, manuals, directions, guidelines, orders, notifications, agreements and documents issued or approved under the Act;
- (c). "Applicable Law" means the Act and the Applicable Documents;
- (d). "Authority" means the National Electric Power Regulatory Authority constituted under Section 3 of the Act;
- (e). "Commercial Code" or "Market Commercial Code" means the commercial code prepared and maintained by the Market Operator pursuant to Sections 23A and 23B of the Act as amended from time to time and approved by the Authority;
- (f). "Competitive Trading Bilateral Contract Market" or "CTBCM" means electric power market established in accordance with the high-level and detailed designs approved by the Authority vide its determinations dated 5<sup>th</sup> day of December 2019 and 12<sup>th</sup> day of November 2020, as may be amended by the Authority from time to time;
- (g). "Connection Charges" means the charges made or levied or to be made or levied by the distribution licensee for carrying out works, provisions and installation of electrical facilities, meters, electric lines and circuits, and ancillary Distribution System, together with charges in respect of maintenance and repair of such items in so far as not otherwise recoverable as Use of System Charges, and in respect of disconnection and the removal of electrical facilities, electric lines and circuits, and ancillary meters following disconnection, or such other charges as may




be determined by the Authority from time to time;

- (h). "Consumer Eligibility Criteria" means the National Electric Power Regulatory Authority Consumer Eligibility Criteria (Distribution Licensees) Regulations, 2022, as amended or replaced from time to time;
- (i). "Distribution Business" means the business of distribution of electric power services being carried on or to be carried on by the Licensee pursuant to and in accordance with the terms and conditions of this Licence and other Applicable Documents;
- (j). "Distribution Code" means the code prepared by the Licensee and approved by the Authority, which defines the technical and operational standards and procedures for the distribution licensees and all those connected to the Distribution System of the Licensee as specified in the Distribution Regulations;
- (k). "Distribution Facilities" means electrical facilities operating at the Distribution Voltage and used for the movement or delivery of electric power;
- (l). "Distribution Regulations" means the National Electric Power Regulatory Authority Licensing (Distribution) Regulations, 2022, as amended from time to time;
- (m). "Distribution Service Manual" means the manual of instructions developed by the Licensee and approved by the Authority detailing instructions and guidance to the persons connected or to be connected to the Distribution System of the Licensee as described in the Distribution Regulations;
- (n). "Distribution Services" means planning, expansion, up-gradation, rehabilitation, reinforcement, operation and maintenance of the Distribution System by the Licensee to deliver and transfer electric power to or for the persons connected with its Distribution System within its Service Territory in an efficient, reliable and non-discriminatory manner and in accordance with Performance Standards, including providing cost-

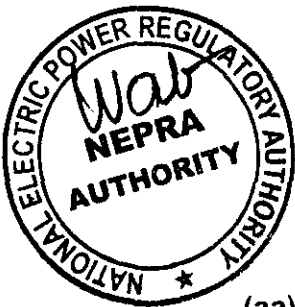


effective distribution connection services and non-discriminatory Open Access to its Distribution System to the eligible consumers, licensees, captive generating plants and generation companies subject to, the applicable charges including but not limited to payment of connection charges, Use of System Charges or any such other charges as may be determined by the Authority from time to time;

- (o). "Distribution System" includes the Distribution Facilities and electric lines or circuits, meters, interconnection facilities or other facilities operating at the Distribution Voltage, and shall also include any other electric lines, circuits, transformers, sub-stations, interconnection facilities or other facilities determined by the Authority as forming part of the Distribution System, whether or not operating at the Distribution Voltage;
- (p). "Distribution Voltage" means any voltage below the minimum transmission voltage as defined in the Act;
- (q). "Eligibility Criteria Rules" means the Eligibility Criteria (Distribution Licences) Rules, 2023, as amended from time to time;
- (r). "Entities" means Housing Colonies/Societies, Industrial Estates, Special Economic Zones, Shopping Malls, Plazas, Complexes or High-Rise Buildings, which have already laid Distribution Facilities for providing Distribution Services within the area owned or administered by them;
- (s). "Grid Code" means the code prepared by the system operator licensee under Section 23H of the Act and approved by the Authority;
- (t). "Investment Programme" or "Distribution Investment Plan" means the investment programme of the Licensee prepared in accordance with the Distribution Regulations, Distribution Code or any other Applicable Documents;
- (u). "Licence" means this licence granted to the Licensee under Sections 20 and 21 of the Act;



- (v). "Licensee" means **Hazara Electric Supply Company Limited (HAZECO)** or its successors or permitted assigns;
- (w). "Licensing Regulations" mean the National Electric Power Regulatory Authority Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations, 2021 as amended or replaced from time to time;
- (x). "National Grid Company" means the person engaged in the transmission of electric power and granted a licence under Section 17 of the Act;
- (y). "Net Metering Regulations" means the National Electric Power Regulatory Authority (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015, as amended or replaced from time to time;
- (z). "Open Access" means the access to the Licensee's network system or its associated facilities for movement and delivery of electric power, subject to the terms and conditions as provided in the Act, the NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022 and use of system agreement, on non-discriminatory basis to (i). an electric power supplier for supply of electric power to its consumers or (ii). a captive generating plant for delivery of the electric power from generation facility to the destination of its use or (iii). any other person, including a licensee for delivery of electric power from a designated place to another designated place;
- (aa). "Performance Standards" means relevant applicable standards for Distribution Services as specified by the Authority and as amended or replaced from time to time;
- (bb). "Power Safety Code" means the NEPRA Power Safety Code for Licensees, 2021 approved by the Authority as amended or replaced from time to time;
- (cc). "Service Territory" means the territory or area specified in Schedule-I of this Licence within which the Licensee is authorized to carry out



Distribution Business on a non-exclusive and non-discriminatory basis;

(dd). "Use of System Charges" shall include all charges related to use of distribution system, use of transmission system, system operator services, market operator services, metering service provider services and any other charges as determined by the Authority that may arise due to advent of the open access and market liberalization.

1.2 Words and expressions used but not defined herein shall have the same meanings as assigned to them in the Act, the Distribution Regulations or any other Applicable Documents.

**Article-2**  
**Compliance with the Applicable Law**

2.1 The Licensee shall comply with the Applicable Law, as amended or replaced from time to time, while performing its functions as Licensee.

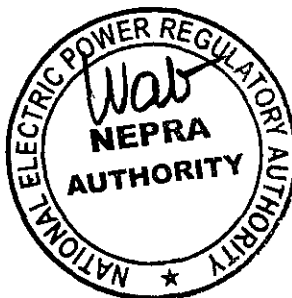
2.2 The Licensee shall be obligated to follow and comply with the Distribution Regulations in letter and spirit, as if all provisions of the said regulations are incorporated in the terms and conditions of this Licence.

**Article-3**  
**Grant of Licence**

This Licence is granted to the Licensee to provide Distribution Services within its Service Territory, as provided in Schedule-I of this Licence on a non-discriminatory and non-exclusive basis, in accordance with the Act and relevant provisions of the Applicable Documents in a prudent, safe, reliable and efficient manner.

**Article-4**  
**Licence Fee**

The Licensee shall pay to the Authority the licence fee in the amount, time and manner as specified in the National Electric Power Regulatory Authority (Fees) Regulations, 2021 as amended or replaced from time to time.



**Article-5**  
**Term and Renewal**

**5.1** This Licence is granted for a term of twenty (20) years from the date of its issuance and shall remain valid for such period, subject to compliance with the Act, rules, regulations and other Applicable Documents.

**5.2** The Licensee shall submit, at least ninety (90) days before expiry of this Licence, an application to the Authority for renewal of the term of this Licence in accordance with the Act, rules and regulations as may be applicable at that time.

**5.3** In the event the Authority decides to renew the Licence, the Authority may renew the same on such revised terms and conditions as it deems appropriate in accordance with the Act and Applicable Documents at the time of renewal of the Licence.

**5.4** The Authority may renew or refuse an application for renewal of the Licence after recording reasons in writing thereof.

**Article-6**  
**Modification of Licence**

**6.1** The Licensee may, at any time during the term of the Licence, submit to the Authority a Licensee Proposed Modification in accordance with Section 26 of the Act read with relevant provisions of the Licensing Regulations;

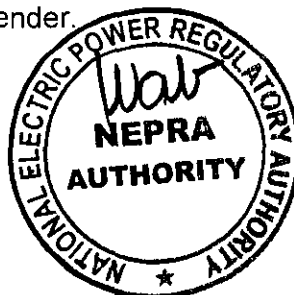
**6.2** The Authority may, at any time during the term of the Licence, communicate to the Licensee an Authority Proposed Modification in accordance with Section 26 of the Act read with relevant provisions of the Licensing Regulations.

**Article-7**  
**Transfer and Assignment of Licence**

**7.1** The Licensee shall not, without the prior written approval of the Authority, surrender, assign or transfer the Licence to any person under the provisions of the Act;

**7.2** The Licensee shall seek approval of the Authority for any surrender, assign or transfer of the Licence to any person at least ninety (90) days prior to the envisaged date of such transfer, assignment or surrender.







**Article-8**  
**Tariff**

**8.1** The Licensee shall charge a person availing Distribution Services, only such tariff including Use of System Charges or Connection Charges as determined and approved by the Authority from time to time.

**8.2** If the tariff is not already determined by the Authority at the time of issuance of this Licence, the Licensee shall, not later than thirty (30) days following the date of grant of the Licence file a petition before the Authority for determination of its tariff in accordance with the Applicable Documents.

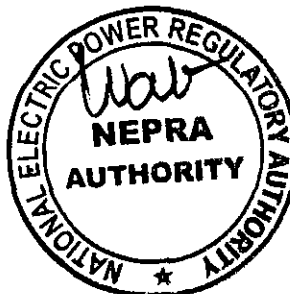
**Article-9**  
**Obligation to Provide Open Access and Maintaining**  
**Quality of Services**

**9.1** The Licensee shall be obligated to provide Open Access to its Distribution System during the term of its Licence as mentioned in Article-5, within its Service Territory on a non-discriminatory basis and shall frame schemes in respect of the same.

**9.2** The Licensee shall comply with the applicable Performance Standards to ensure quality of Distribution Services by establishing and maintaining the standardized and non-discriminatory procedures for the timely provision of connections, Open Access, redressal of complaints, effective customer services and maintenance of Distribution System in accordance with provisions of the applicable rules, Distribution Regulations, Distribution Code, Grid Code and other Applicable Documents.

**Article-10**  
**Distribution Planning**

The Licensee shall ensure that its Distribution System is planned, designed, implemented, reinforced, expanded, maintained and operated in a manner that fully complies with the Distribution Regulations, quality of service and achieving distribution Performance Standards, in compliance with the Act, the Grid Code, the Distribution Code and other Applicable Documents.



**Article-11**  
**Investment Programme, Acquisition and Disposal of Assets**

**11.1** The Licensee shall develop and submit its five (05) years Investment Programme or Distribution Investment Plan to the Authority for its approval as stipulated in Section 32 of the Act, and in accordance with the Distribution Regulations and other Applicable Documents. The Licensee shall maintain and publicly make available the approved Investment Programme for satisfying its service obligations. The implementation status and any changes in the approved five (05) years Investment Programme shall be submitted to the Authority on an annual basis for its consideration and approval.

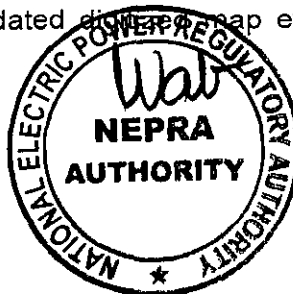
**11.2** The Licensee shall not, except under a prior authorization, acquire, whether on ownership basis, lease, hire-purchase, or any other mode of possession or use, any tangible or intangible asset of a nature or value inconsistent with or which is not expressly or by necessary implication stated in the Investment Programme of the Licensee and approved by the Authority in accordance with the Applicable Documents.

**11.3** The Licensee shall not sell, dispose of, encumber or otherwise transfer any asset unless such sale, disposal, encumbrance or transfer of assets is properly documented and done in a manner that ensures transparency, value for money and in accordance with the approved policy of the Board of Directors for this purpose. Any sale, disposal of assets, encumbrance etc. shall be properly reflected in its books of accounts and accounted for its tariff determination;

Provided that any proposed sale, disposal, encumbrance or transfer of assets amounting to more than ten percent (10%) of its total assets in a financial year shall require prior approval of the Authority.

**Article-12**  
**Obligation to Provide Digitized Plotting and**  
**Maintaining GIS Mapping**

**12.1** The Licensee shall maintain and provide to the Authority, a digitized Geographic Information System (GIS) mapping on annual basis of its Distribution System identifying each transformer, grid station, low tension and high-tension systems, etc. of the Distribution System as geospatial information within six (06) months of the issuance of this Licence and an updated digitized map every twelve (12) months



afterwards. The Licensee shall also on the first day of July of every year, provide to the Authority an updated map of its Distribution System, clearly demarcating the extensions, if any, made in the immediate preceding year.

**12.2** The map to be submitted under Article 12.1, shall be on a 1:50000 scale accurate map preferably prepared by the Survey of Pakistan, clearly demarcating the extensions made, if any, in the immediate preceding year.

**Article-13**  
**Distribution Service Manual**

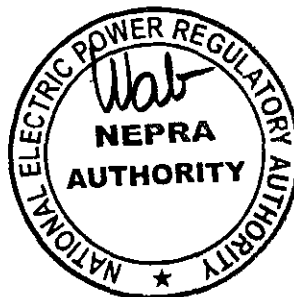
In accordance with Section 21 of the Act, read with the Distribution Regulations, within ninety (90) days of the issuance of this Licence, the Licensee shall submit its Distribution Service Manual for review and approval of the Authority.

**Article-14**  
**Obligations with Respect to CTBCM**

**14.1** The Licensee shall participate in the development of CTBCM in such manner as may be directed by the Authority from time to time. The Licensee shall, in good faith, work towards implementation and operation of the aforesaid competitive trading arrangement in advancing a goal of market liberalization in a manner and time period specified by the Authority.

**14.2** The Licensee shall ensure that it enters into necessary agreements as may be required under the Grid Code, Market Commercial Code, Distribution Code or any other Applicable Documents. The Licensee shall carry out its obligations under these agreements in good faith and shall ensure non-discriminatory treatment to all electric power suppliers, consumers including bulk power consumers, generation companies and other licensees.

**14.3** The Licensee shall establish and maintain market implementation and regulatory affairs department which shall be appropriately staffed for dealing with market related agreements, planning, regulatory affairs, matters related to CTBCM implementation and operations or such other matters as may be directed by the Authority from time to time.



**14.4** The Licensee shall not indulge itself in discriminatory and anti-competitive practices and shall follow the directions of the Authority or Competition Commission of Pakistan in this regard.

**Article-15**  
**Net Metering**

**15.1** The Licensee shall ensure that it complies with the requirements and timelines specified in the Net Metering Regulations. Further, the Licensee shall submit periodic reports in such form and manner as may be required by the Authority with regard to compliance with the Net Metering Regulations. Subject to any further details required by the Authority, the Licensee shall submit a monthly report to the Authority specifying number of applications received along with the installed capacity, number of applications allowed along with the date of approval and status of installation of net metering facility, number of applications pending along with capacity thereof and reasons for delays, if any.

**15.2** The Licensee shall establish adequate processes, checks and balances that may be necessary to ensure unnecessary delays in processing of net metering facility applications filed under the Net Metering Regulations are avoided and any persons responsible for any delays in this regard are held accountable.

**Article-16**  
**Compliance with the Performance Standards**

The Licensee shall comply with the relevant Performance Standards as may be specified by the Authority, as amended or replaced from time to time.

Provided that till such time the Authority separately specifies Performance Standards for Distribution Licensees, the National Electric Power Regulatory Authority Performance Standards (Distribution) Rules, 2005, shall continue to be followed by the Licensee to the extent as may be applicable to the Distribution Business.

**Article-17**  
**Compliance with the Grid Code and Distribution Code**

The Licensee shall comply with the relevant provisions of the Grid Code and Distribution Code as may be approved by the Authority, as amended or replaced from time to time.



**Article-18**  
**Complaints and Dispute Resolution**

**18.1** The Licensee shall make available complaint-handling mechanism that provide consumers, electric power suppliers, other licensees and generation companies with expeditious, fair, transparent, in-expensive, accessible, speedy and effective dispute resolution related to Distribution Services in accordance with the Distribution Regulations and other Applicable Documents.

**18.2** The Licensee shall maintain daily, weekly, monthly, quarterly and yearly data of all the complaints received, resolved and pending with the Licensee for resolution. The Licensee shall submit an annual report to the Authority regarding the complaints received, resolved and pending thereof.

**18.3** The Licensee shall develop and maintain an online complaint handling and tracking system that shall be updated in real time to inform the complainant regarding current status of its complaint.

**Article-19**  
**Compliance with Health, Safety and Environmental Standards**

The Licensee shall follow the standards laid down by the Authority for distribution and transmission of electric power, including health, safety, and environmental protection in accordance with the Power Safety Code and such other instructions as may be issued by any Federal or Provincial Agency.

**Article-20**  
**Investigation and Proceedings by the Authority**

**20.1** In case of any non-compliance with the terms and conditions of this Licence or Applicable Documents by the Licensee, the Authority may conduct investigation and proceedings in a manner as stipulated under Section 27A of the Act.

**20.2** Any fines or penalties imposed by the Authority under the Act and Applicable Documents, shall be promptly paid by the Licensee.



**Article-21**  
**Corporate Social Responsibility**

The Licensee shall comply with the NEPRA Social Investment Guidelines 2021, as may be amended from time to time and submit a report on its activities pertaining to Corporate Social Responsibility on an annual basis.

**Article-22**  
**Accounting Practices**

The Licensee shall maintain accounts in the manner laid down by the Authority in the National Electric Power Regulatory Authority (Uniform System of Accounts) Regulations, 2022, as well as in accordance with relevant provisions of the Distribution Regulations and other Applicable Documents.

**Article-23**  
**Maintenance of Record**

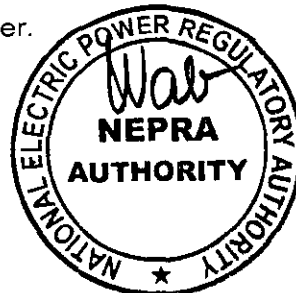
**23.1** The Licensee shall keep complete and accurate record and other data relating to the licensed activities including any contractual arrangements, agreements and any other information as may be specifically required by the Authority.

**23.2** All records and data referred to above shall be maintained in good order and condition and by taking reasonable measures to ensure security of the data for a minimum period of five (05) years after the expiry of such record, arrangement or agreement or for such further extended period as the Authority may specifically require under the Distribution Regulations.

**23.3** The Authority shall have the right, upon forty eight (48) hours prior written notice to the Licensee, to examine the records and data of the Licensee at any time during normal office hours.

**Article-24**  
**Provision of Information**

**24.1** Any information required by the Authority from the Licensee, shall be provided in good faith ensuring that it is accurate, up-to-date and presented in a manner that is easily understandable and in accordance with Section 44 of the Act. The Licensee shall ensure that the correspondence with the Authority is made by a duly authorized person not below the rank of Chief Engineer.



**24.2** The Licensee shall be subject to such penalties as may be specified in the relevant Regulations made by the Authority, for failure to furnish such information as may be required from time to time by the Authority and which is or has been in the control or possession of the Licensee.

**Article-25**  
**Communication**

**25.1** The Licensee shall designate a person not below the rank of Chief Engineer, who will act as a primary contact with the Authority on the matters related to this Licence. The Licensee shall communicate the Authority promptly about any change in contact details.

**25.2** All communication with the Authority must be made in writing or through authorized electronic mailing address.

**Article-26**  
**Compliance with Eligibility Criteria Rules**

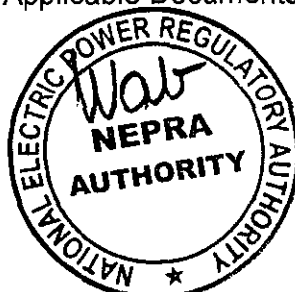
The Licensee shall ensure and comply with the Eligibility Criteria (Distribution Licences) Rules, 2023, in true letter and spirit.

**Article-27**  
**Economic Purchasing of Services and Assets**

The Licensee shall ensure that the procurement of assets and services is undertaken in a most economical manner that ensures value for money in accordance with the applicable laws.

**Article-28**  
**Information and Operational Technology Security**

**28.1** The Licensee shall develop a robust information and operational technology strategy outlining the planning and execution roadmap for ensuring transparency, effectiveness, efficiency and security in all operations of the distribution of electric power in accordance with the relevant provisions of the National Electric Power Regulatory Authority (Security of Information Technology and Operational Technology) Regulations, 2022 and other Applicable Documents.



**28.2** In order to improve its efficiency and to enhance customer services, the Licensee shall deploy and upgrade its IT infrastructure which includes establishing the distribution load dispatch centers, SCADA and other modern and state of the art software relating to operation in consultation with the independent technical experts after going through detailed cost to benefit analysis.

**28.3** All computer programs or systems used by the Licensees shall be adequately secured as per the requirements of the Applicable Documents and the relevant information and operational technology standards.

**28.4** The Licensee shall develop a cyber-security protection system for its Distribution System with well-defined communication and reporting channels. The Licensee shall enforce security standards to measure and manage risks, as well as to define and maintain processes. While developing IT infrastructure, all the cyber-security risks must be addressed in a timely manner and managed to prevent cascading incidents as per Applicable Documents.

#### **Article-29** **Insurance**

**29.1** The Licensee shall ensure that all of its assets are adequately insured against possible risks in accordance with an assets insurance policy approved by its Board of Directors.

**29.2** Any insurance claims shall be promptly made to the respective insurance company and realized appropriately.

**29.3** All field workforce of the Licensee who may be vulnerable to life risks owing to their nature of work, shall be adequately insured.

#### **Article-30** **Effective Coordination**

**30.1** The Licensee shall ensure prompt and effective coordination with the system operator, market operator and other relevant entities to comply with the relevant provisions of the Grid Code, Distribution Code, Market Commercial Code and other Applicable Documents.





**30.2** The Licensee shall share the information and data, through its website or portal, related to planned maintenance outages, demand forecasts, transmission and distribution plan and information regarding network constraints.

**Article-31**  
**Preparation for Emergencies and Security Arrangements**

**31.1** The Licensee shall, as soon as possible, inform its consumers of any emergency or security issue of which it may be aware which may arise in association with, or which may be relevant to its Licensed obligations.

**31.2** The Licensee shall take such actions as the Authority may reasonably require to plan and prepare for emergencies including taking part in necessary tests and exercises.

**Article-32**  
**Credit Rating & Financial Health**

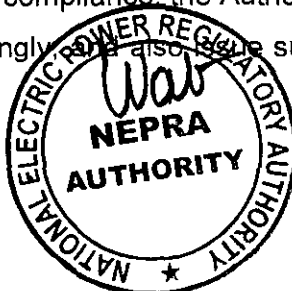
**32.1** The Licensee shall, every two (02) years, get itself credit rated through a credit rating agency licensed by the Securities and Exchange Commission of Pakistan and which is on the panel of State Bank of Pakistan.

**32.2** The credit rating report of the Licensee shall be submitted to the Authority for its information along with corrective measures being taken and/or to be taken to improve the financial health and credit worthiness of the Licensee. The Authority may, if deemed necessary, issue directives to the Licensee for taking measures in order to improve the financial health and credit rating.

**Article-33**  
**Functional and Legal Separation**

**33.1** The functional and legal separation of the distribution and supply business of the Licensee shall be undertaken in accordance with the provisions of this Licence, determinations and directions of the Authority, as issued from time to time.

**33.2** The Licensee shall, at the earliest but not later than two (02) years from the date of grant of this Licence, ensure functional separation of distribution and supply business. In the event of non-compliance, the Authority shall initiate legal proceedings against the Licensee accordingly and also issue such directions as may be deemed



appropriate that may include appointment of an administrator in respect of functions of the Licensee.

**Article-34**  
**Interpretation of the Licence Provisions**

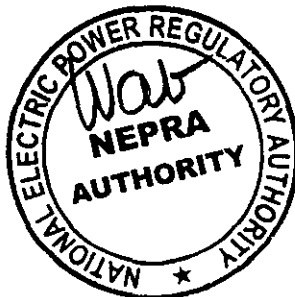
**34.1** In accordance with the provisions of the Act, the Authority shall make the interpretation of any or all of the provisions of this Licence. The decision of the Authority in this regard shall be final.

**34.2** Where any obligation under this Licence is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of failure of the Licensee to perform within the specified time limit).

**Article-35**  
**Suspension or Revocation**

**35.1** Without prejudice to the powers of the Authority under the Act, upon being satisfied that the Licensee is not discharging its functions in accordance with the Act and Applicable Documents including terms and conditions of the Licence, or otherwise fails to carry on its Distribution Business in the interests of the competitive electric power market, the Authority may, after providing an opportunity to show cause, take such measures as it deems expedient including, but not limited to, suspension or cancellation of the Licence and take such other action as may be necessary to safeguard the interests of all stakeholders.

**35.2** Where the Authority revokes or suspends the Licence of the Licensee, it may appoint an administrator to take over its functions and management.

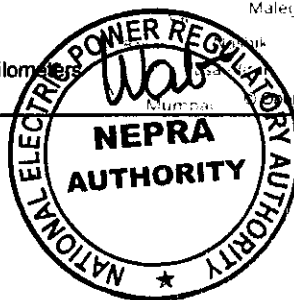
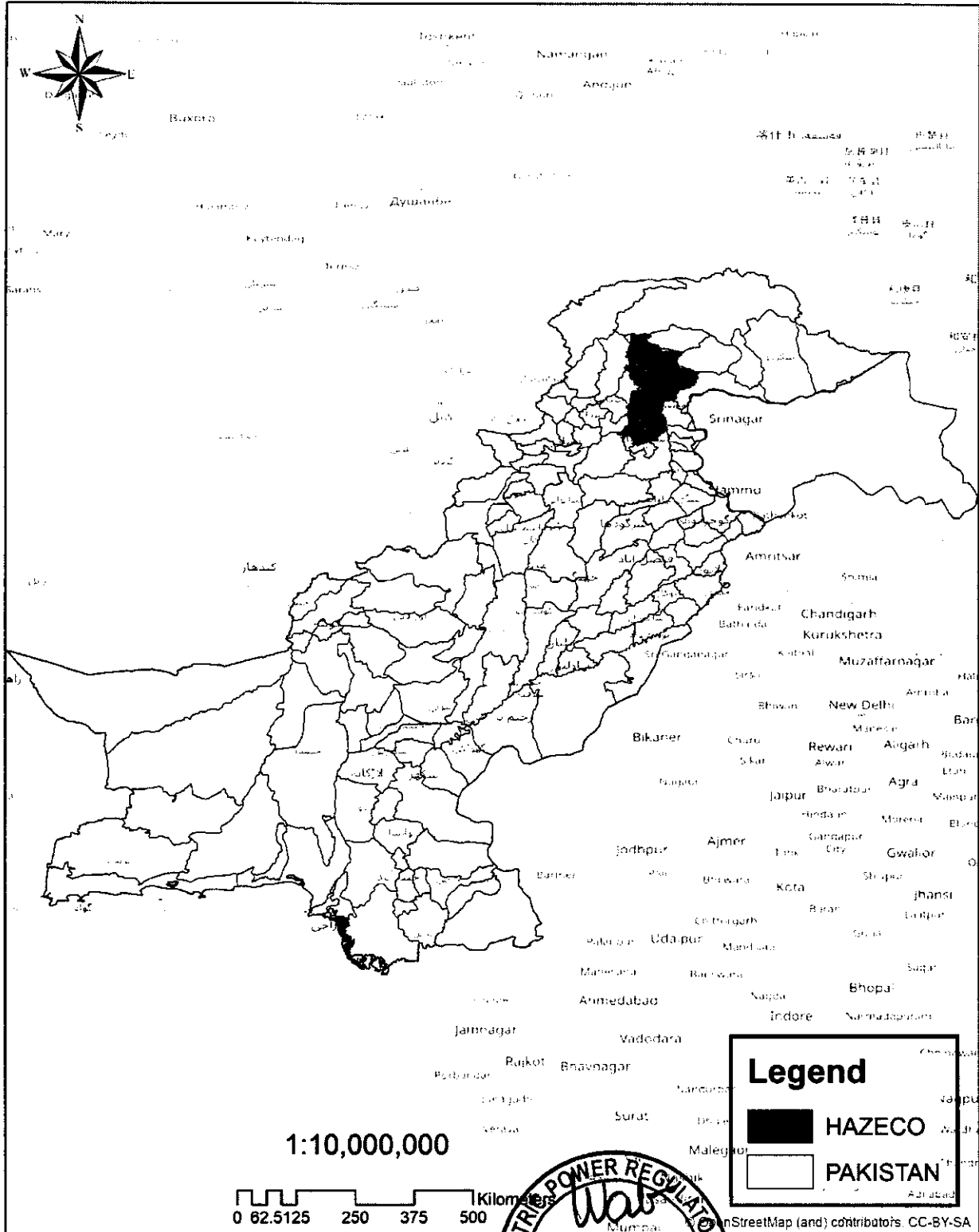


**SCHEDULE-I**

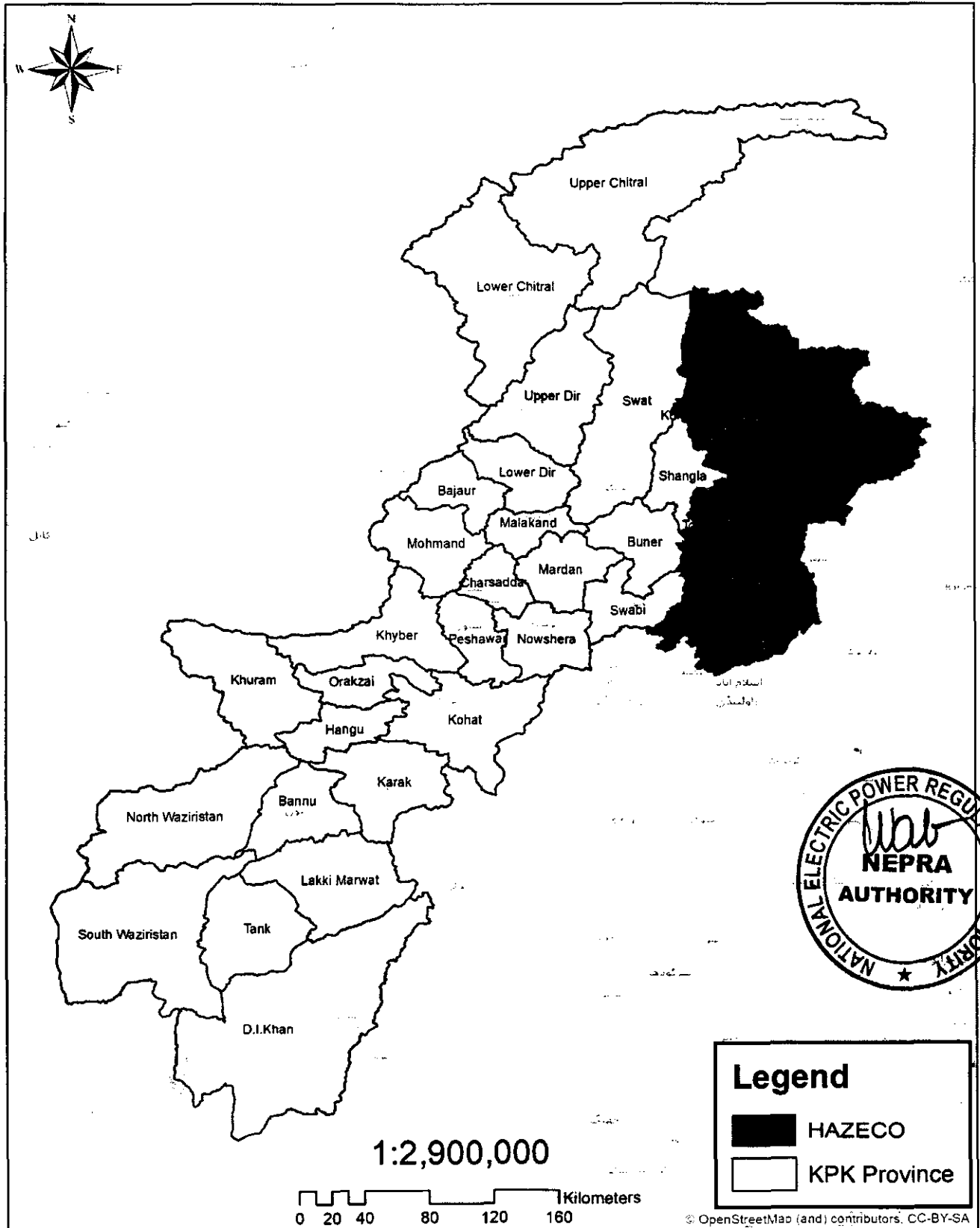
**The Details of the Territory (i.e. Geographical Boundaries) within which  
the Licensee/Hazara Electric Supply Company Limited is Authorized to  
Conduct its Distribution Activities/Services.**



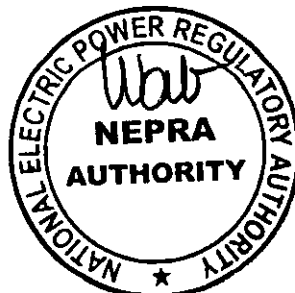
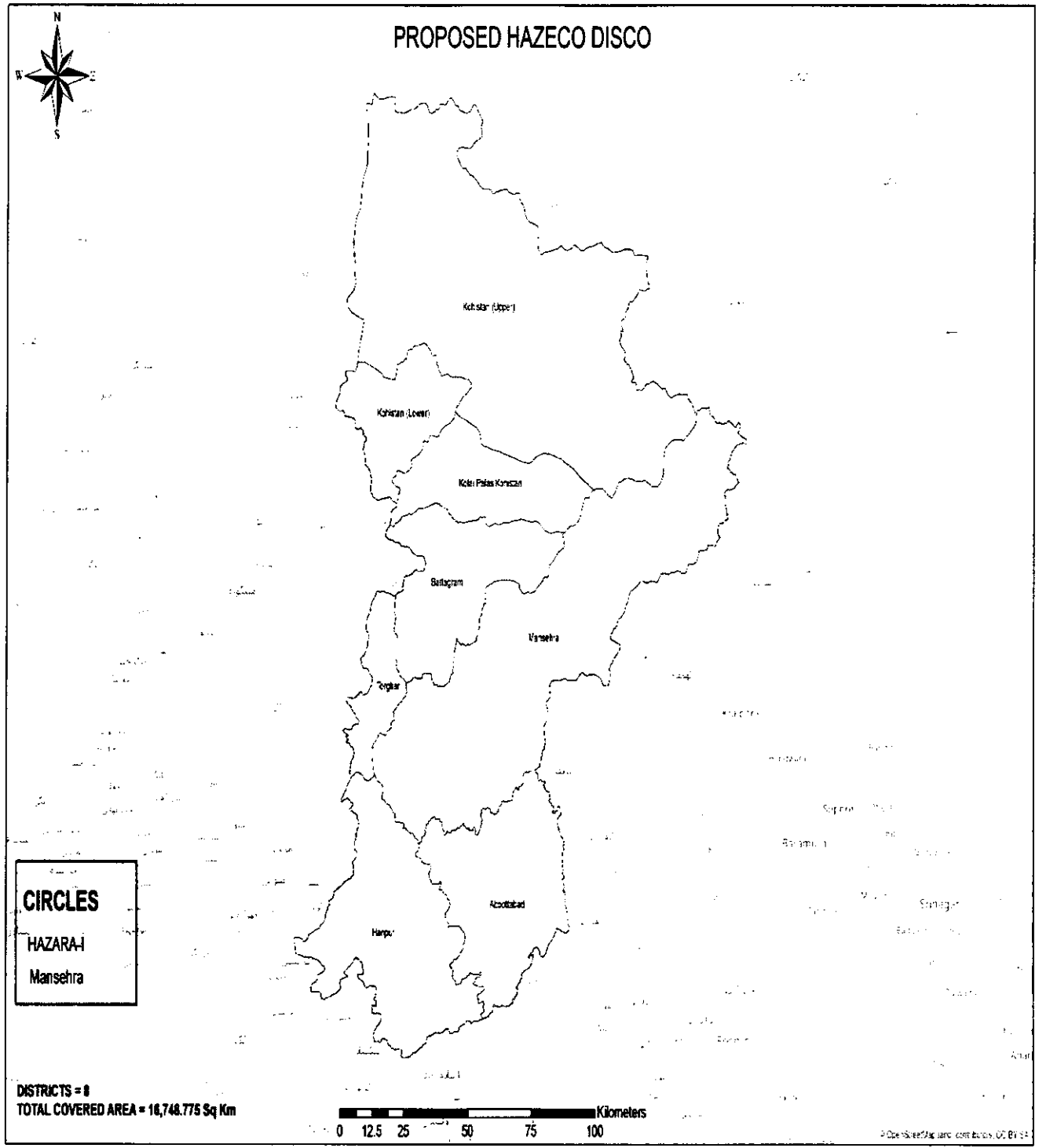
## Location Of the Licensee/HAZECO on the Map of Pakistan



## Location of the Licensee/HAZECO on the Province of Khyber Pakhtunkhwa

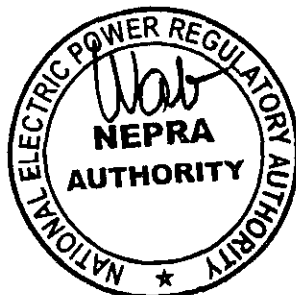


**Detail of Territory (Geographical Boundaries, Districts)**  
**Within which the Licensee/HAZECO is Authorized to Conduct**  
**Distribution Activities/Services**



**SCHEDULE-II**

The details of distribution facilities including the type of distribution system (underground/overhead), type of HT/LT conductor/cable, length of HT/LT line, number of grid stations (category wise), number of power transformers, number of feeder(s), number of distribution transformers, voltage level, frequency, voltage and frequency regulation, and other specific details pertaining to Distribution System linked with the Licensee/Hazara Electric Supply Company Limited.



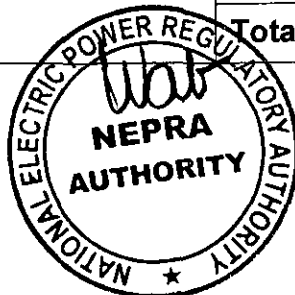
## DETAIL OF DISTRIBUTION SYSTEM OF HAZEKO

### A. General Information

(i).	Name of the Company/ Licensee	Hazara Electric Supply Company Limited.
(ii).	Registered/Business Office of the Company	Gulistan Colony, Opposite Govt. Post Graduate College No. 1, Abbottabad, Khyber, Pakhtunkhwa.
(iii).	Location of the Distribution Facilities	Haripur, Abbottabad, Mansehra, Battagram, Torghar, Upper Kohistan, Lower Kohistan and Kolai Pallas.

### B. Distribution System

(i).	Type of Distribution System	The distribution network includes High Tension (HT) and Low Tension (LT) lines.	
(ii).	Type of HT Conductors	Osprey, Panther, Dog, Rabbit and Gopher	
(iii).	Type of HT Cables	1000 MCM, 500 MCM, 4AWG and 120 MM	
(iv).	Type of LT Conductor	AAC(ANT), GNAT and PVC 07/52	
(v).	Type of LT Cables	19/0.52 (4 Core), 19/0.83 (4 Core) and 37/0.83 (4 Core)	
(vi).	Length of HT Line	5373 KM	
(vii).	Length of LT Line	12813 KM	
(viii).	No. of Feeders	210	
		132KV	19
		132KV (Consumer Grids)	04
		66KV	02
		33KV	02
		<b>Total</b>	<b>27</b>





(x).	Number of Power Transformers	50	
(xi).	Power Transformers Installed Capacity (MVA)	1254.30	
(xii).	Number of Distribution Transformers	13,505	
(xiii).	Distribution Transformers Capacity (MVA)	1,234.94	
(xiv).	Voltage level (KV)	Transmission	132,66,33
		Distribution	11, 0.4, 0.23
(xv).	Frequency	50 Hz	
(xvi).	Regulation	Voltage	$\pm 5\%$
		Frequency	$\pm 1\%$

